

Samer Khanachet  
Group Chief Operating Officer

سامر خنشيت  
الرئيس التنفيذي لعمليات المجموعة

Our ref: KIPCO/GCOO 12/21 dated March 27, 2021

Boursa Kuwait Company  
KUWAIT

السادة / شركة بورصة الكويت  
المحترمين  
دولة الكويت

Subject: KIPCO's Analyst/Investor Conference  
call minutes for FY/2020

الموضوع: محضر مؤتمر المحللين/المستثمرين لمشاريع الكويت  
القايزة (كيبكو) عن السنة المالية 2020

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 live conference call at 1:00 PM (local time) on Wednesday 24/3/2021.

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 كيبكو تم تصنيفها ضمن مجموعة "السوق الأول"، نود ان نحيطكم علما بأن مؤتمر المحللين/المستثمرين قد انعقد عبر البث المباشر لمكالمة هاتفية جماعية في تمام الساعة الواحدة (التوقيت المحلي) من بعد ظهر يوم الأربعاء الموافق 2021/3/24.

Kindly note that no material information has been discussed during the conference. Please find attached the minutes of the conference (Arabic & English) and the investors presentation for FY-2020.

كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر، وتجدون مرفق طيه محضر المؤتمر باللغتين العربية و الإنجليزية و العرض التقديمي للمستثمرين عن السنة المالية لعام 2020.

Sincerely,

وتفضلوا بقبول فائق الاحترام ،،

Samer Khanachet  
Group Chief Operating Officer

كيبكو  
KIPCO  
شركة مشاريع الكويت (القايزة)  
Kuwait Projects Company (Holding)

سامر خنشيت  
الرئيس التنفيذي لعمليات المجموعة



Investor Call Transcript  
Q4 2020

## Transcript: KIPCO 2020 earnings call

**Introduction:** Good afternoon everyone. This is Elena Sanchez, and on behalf of EFG Hermes, welcome you all to the KIPCO's Fourth Quarter 2020 Results Conference Call. It is a pleasure to have with us in the call today Mr. Pinak Maitra (KIPCO Group CFO), Mr. Anuj Rohtagi (Vice President, Group Financial Control) and Mr. Moustapha Chami (Vice President, Finance and Accounts at KIPCO). At this point, I would like to handover the call to Mr. Pinak Maitra. Please go ahead. Thank you.

**Pinak Maitra:** Thank you, Elena. Good afternoon everyone. Thank you for joining us in our full year 2020 earnings call. We hope all of you are in good health. Please note that today's presentation is also available on our website along with the financial statements for the year.

As usual, we 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 can be forward looking. Such statements are based on KIPCO's current expectations, predictions and estimates and are subject to risks and uncertainties which may adversely or otherwise affect the future outcome. They are not guarantees of future performance, achievements, or results.

With the roll-out of the COVID vaccine in most parts of the world, we are hoping that globally, economic activity will be gradually move towards pre-COVID operational levels. During the last quarter of 2020, Kuwait continued to show good levels of consumer spending, increased trading activity in capital markets and real estate sales and they all returned close to pre-pandemic levels. At the same time, oil price has crossed US\$60 in December and many forecasts expect it to stay around this level in 2021.

While some uncertainty related to the pandemic still remains due to fresh cases emerging in different parts of the world, we continue to execute against our plan for value creation in this current environment, while hoping widespread distribution of vaccine will help in curbing the spread of new cases.

Our key subsidiaries continued their improvement in operational performance in Q4 2020, in line with trends they had shown in Q3 2020. You will note the impact when we discuss performance of our key operating companies in a while, today.

I will now hand over to Mr. Moustapha to provide you with KIPCO's financial performance update on page 4 of the presentation.

**Moustapha Chami:** Thank you, Mr. Pinak and good afternoon everyone.

Kindly note, 2019 financials were restated due to a change in the classification of OSN, where OSN became a subsidiary of the Group in Q1 2020, after an increase in ownership. While in our originally published 2019 financials we had treated OSN as held for sale asset, the restated financials capture our share of results from the operations for 2019, which were not included before as per classification then. Please refer Note 2 and 3 of our annual financial statements for details on restatement.

Referring to page 4 of the presentation, revenues increased by 8% in FY2020 to reach US\$2.482 billion compared to US\$2.302 billion in FY2019. The increase in revenue was mainly led by an increase in investment income. The increase was partly offset by reduced interest income and hospitality & real estate income. Income from media and digital satellite segment in 2020 includes the consolidation of OSN's revenue. Increase in investment income was a result of fair value gain on increase in KIPCO's stake in OSN.

We have reported a net profit of US\$22 million for FY2020. This translates into an EPS of 0.4 fils per share or 0.13 cents per share. The restated EPS for FY2019 is -33.2 fils per share or -11.0 cents per share.

Now, I will hand over the presentation to Mr. Anuj.

**Anuj Rohtagi:**

Thank you Moustapha. We can now go to page 5 that covers Burgan Bank's results. We will be focusing on the key highlights in our presentation, and you can refer to Burgan Bank's full year 2020 earnings call transcript and presentation on Burgan Bank's official website to get more details. This was held on 17 February 2021.

Before we begin, I would like to once again remind you that during the year 2019, Burgan Bank's results included a one-month lag in terms of its subsidiaries' financial reporting excluding Bank of Baghdad. As such, financials should be read within this context for comparison purpose as 2020 numbers are for 12 months. In addition, Bank of Baghdad has been reclassified as asset held for sale in 2020 financials, like in 2019 financials. The reclassification in the last quarter of 2020 was driven by ongoing discussions with potential buyers for the sale of BoB.

- Loan book increased by 1.4% at the end of 2020 vs. 2019. Loan book growth in Kuwait (which increased by US\$475 million or 4.7% in 2020) was driven by the Bank's strategy to focus on growth in Kuwait and was offset by reduced loan book in Turkey by 11.4%, that is US\$320 million compared to 2019, primarily due to Turkish Lira depreciation.
- Deposits for Burgan Bank Group grew by 2.5% in 2020 vs. 2019 due to increase in deposits in Kuwait operations by 4.5% (that is US\$424 million). The growth in deposits in Kuwait was offset primarily by reduction in the deposits in BBT by US\$77 million or 3.9% again due to currency depreciation.
- Operating income for 2020 was US\$702 million, lower by US\$117 million compared to full year 2019. As highlighted earlier, this decline is

attributable to Central Bank of Kuwait discount rate cut of 25bps in Nov'19 and 125bps in Mar'20 and reduced levels of economic activities during the year. This also impacted fee and commission income for the year, which declined by 14.8%. Following the rate cut, net interest margin for the financial year 2020 decreased by 36bps to 2.1% vs 2.4% in 2019.

- The bank reduced its operating expenses by US\$16mn to partially compensate for lower operating income.
- Provisions charged to income statement increased by US\$92mn to US\$254 million in 2020 as against US\$162 million in 2019 driven by precautionary provisions of US\$56 million and US\$54 million higher provisions in banking operations in Turkey.
- As a result of the above-mentioned movements, Burgan Bank Group posted a net income of US\$111 million in 2020 vs US\$279 million in 2019, a decrease of 60%.
- NPA ratio increased to 3.5% at the end of 2020 as against 2.1% in 2019 primarily driven by higher NPAs in Turkey. The Bank reported CET1 Ratio of 10.5% and CAR of 18.1% as on 31<sup>st</sup> December 2020 against minimum required ratios which are 8% and 11.5% respectively. The Bank's CAR was supported by successful issuance of US\$500mn sub-debt in Q4'20 (drop in CAR is expected to be by 157bps to reach 16.5% after exercise of call option to redeem the sub-debt of KD100mn in Q1 2021).
- Moving on to page 6, regional loan book declined by US\$ 310 million. The reduction in regional loan book was driven by currency depreciation in Turkey as stated earlier. Deposits declined by US\$ 93 million or by 2.5% in 2020 in comparison with 2019. Overall, share of our regional loan book and customer deposit was 26% and 27% of total Burgan Bank loan book and customer deposits, respectively. The net profit of regional operations was lower by 86% during 2020 vs 2019 due to impact of interest rates, change in fee income regulation in Algeria and increase in provisioning.

We can now go to page 7 of the presentation, which summarizes Gulf Insurance Group's performance.

For the twelve months ended 31<sup>st</sup> December 2020, GIG posted strong results. Gross premium written was US\$1.466 billion, registering a healthy growth of 13% over US\$1.299 billion reported last year. The increase is majorly driven by increase in medical business in Kuwait.

On the bottom left chart, you can see that the combined ratio stands at 93% which is a 1.5% YoY improvement. This improvement is majorly driven by lower claims incurred in medical and motor segments, which resulted in a 1.2% reduction in overall loss ratio. If you look at the top right-hand side chart, net investment income for 2020 reduced marginally by 4.8% to US\$33 million from US\$35 million last year. The impact of lower returns on investment portfolio as a result of subdued capital markets was to some extent offset by increased investment book volume in normal course of operations.

As a result of revenue growth and positive jaws ratio, GIG reported a net profit of US\$54 million for FY2020, a 22% growth over a profit of US\$44 million in 2019. Additionally, as you all must be aware, GIG announced the acquisition of AXA's Middle East operations towards the end of 2020. The acquisition is expected to be completed subject to regulatory approvals during the year, which will place GIG as 3<sup>rd</sup> largest insurer by GPW in the MENA region.

I will now handover to Mr. Moustapha, to take you through UGH's performance update.

**Moustapha Chami:** Thank you, Anuj. Moving on to slide 8 which has United Gulf Holding Company. You can see on the top left chart, revenue for FY2020 was US\$139 million, which reduced from US\$224 million in FY2019. This is largely on account of a sharp decrease in investment income owing to adverse market movements along with

reduction in share of results from associates to US\$9 million in FY2020 from US\$41 million in FY2019. Investment income decreased from US\$48 million in 2019 to US\$2 million in 2020.

On the top right chart, provisions for credit losses increased to US\$37 million compared to US\$8 million during last year due to higher provisions in FIMBank driven by COVID-19 pandemic.

On bottom left chart you can see, UGH reported a net loss of US\$70 million in FY2020 as compared to a profit of US\$10 million in FY2019. The decrease in profit was a combination of lower revenue and higher provisions considering uncertain market conditions.

UGB's total consolidated capital adequacy ratio stood at 17.5% as of December 31<sup>st</sup>, 2020.

Moving onto our real estate company, United Real Estate. They are expecting to announce their results later this week. We have therefore not disclosed their full year numbers in this call. From the consolidation process where we include URC in KIPCO financial statements, you can see that hospitality and real estate income reduced by US\$64 million during 2020. This was offset by reduction in expenses for this segment by US\$21 million during the year. The real estate sector in general was impacted by rent waivers and temporary shutdown of hotel businesses during lockdown and otherwise. However, the industry is now recovering, and we expect URC to benefit from this trend in 2021.

I will now hand over to Mr. Pinak to cover the remaining pages.

**Pinak Maitra:**

Thank you, Moustapha. Now let us now move to page 10, which talks about OSN. We will be using the terms OTT and streaming in our discussions interchangeably. During 2020 OSN has transformed itself from a linear or pay-tv operator to a digital operator. It has launched its digital on-demand product successfully while retaining

the capability to provide premium pay-tv services to its long-standing loyal customers in the premium segment. OSN continues to have leadership position in the region, a strong content line up which is one of strongest in the region having 1st pay digital rights and exclusive relationships with 7 major studios, while also carrying premium Arabic content and original content. OSN Streaming, our OTT platform with is growing steadily with ~450k subs as of Feb 2021. Both direct sales as well as telco partnerships across MENA region have contributed to this growth. With a number of OSN Arabic Originals launched and many in the pipeline, OSN has the best mix of exclusive western and Arabic content portfolio in the region. Further, OSN continues to see good traction on social media. OSN App rating has improved over the last 6 months and its iOS and Playstore ranking remains in top 20 in entertainment sector in all key markets.

OSN Originals launched in the last 5 months include Aa'det Rigala, Arabic version of “Come dine with me”, “No man’s land” and now Kayd Majhool (thriller drama series) with a big pipeline for 2021. Further, OSN recently launched The OSN Woman channel, its first-ever content lineup dedicated to women in the region available on OSN box, as we well as on-demand and on the OSN Streaming app.

OSN was affected by the pandemic situation in 2020 leading to delay in launch of OTT partnerships with telcos and slower than expected DTH sales due to lockdowns and slower footfall in our points of sale. However, OSN was able to achieve planned EBITDA level in 2020 and we remain hopeful that in the second half of 2021 OSN will deliver the financial break even.

Moving on to slide 11. United Industries reported US\$5 million net profit during FY2020, which is 78% lower than FY2019. The reduction is attributable to decrease in its share of income from Qurain Petrochemical Industries Company during the year which was impacted due to volatility in oil price.

Jordan Kuwait Bank reported a steady operating performance, deposits grew by 0.6% whereas loan book declined by 1.1% during FY2020. However, the Bank reported net loss of US\$6 million for the full year 2020, compared to profit of US\$42 million during the last financial year. This is largely due to higher provisions due to macro-economic conditions, which increased 3.7 times to US\$74 million from US\$19 million in the previous year.

These were our key highlights for 2020 results. Our Group companies are slowly coming back to normal just like the rest of the world. As we have mentioned before our group companies are at various stages of digital transformation. We expect this to gather further momentum during the year as this is fast becoming a customer need and in turn is a great opportunity for our regional platform of companies to serve the 4 million customers that provides nearly US\$2.5 billion of revenues to the Group.

I now hand over to the moderator to invite our listeners to raise any questions they may have.

**Moderator:** Our first question comes from Ali Dhaloomal from Bank of America.

**Ali Dhaloomal:** Good morning. And thank you for the call. I have just a few questions. First, can you remind us how much cash do you have at the holding level? Also, that there is no debt maturing until your Euro Bonds in 2023. Further, are there any cash outflows budgeted/planned for 2021 for any of the KIPCO subsidiaries for the purpose of funding the acquisition of the assets in the insurance business or for other subsidiaries? My next question will be related to OSN. Can you remind us what is the performance of the company on like for like basis on the revenue and also on earnings? This is because there was a lot of restatement, as you mentioned, on goodwill side since OSN was reclassified from AFS.

**Anuj Rohtagi:** Thank you, Ali. I will take them one by one. To answer the first question, reported cash balance was US\$624 million as of December 31, 2020. For the second question, how we

are going through the process of planning for cash flows into Group companies and you specified about AXA acquisition, KIPCO has a broad idea of the range and we plan for that range. The work is still going on because it has a lot of capital model implications. Broadly we keep around US\$50 to US\$75 million for this and that is what we have kept in our planning. Similar amount has been kept for OSN as well, for the remainder of the year, as the company is expanding into more digital products and also been involved in the original production. In addition to that Burgan Bank will be evaluating its capital levels during the year and as and when that discussion happens, we will be supporting the required increase in capital. We are looking at options how we can optimize that capital outflow at KIPCO parent level. The last question is related to OSN performance, we can state what has been disclosed in the financial statements. Given it is a private company and it has been going through a lot of streamlining processes, there is a bit of noise in the numbers presented as per IFRS requirements. At the same time, we are sharing that the business achieved its target EBITDA levels in 2020. We are hopeful that it is going to achieve financial breakeven in the second half of FY 2021. You can see the indication of the numbers in the segmental information of KIPCO and in the notes to accounts. So, I would refer you to those notes of accounts in KIPCO's financial statements for further information.

**Moderator:** Thank you Ali. Our next question is from Rakesh Tripathi of Franklin Templeton. Rakesh your line is open, please go ahead.

**Rakesh Tripathi:** Thank you very much for the presentation. I am sorry, I missed the cash balance number that you shared, so if you could repeat that once and also talk a little bit about the typical cash receipts and outflow for 2021 at the Holdco level i.e. what sort of dividend receipts you see and what kind of typical Opex, interest payment and other cash outflows that you see happening this year?

**Anuj Rohtagi:** Sure, thanks Rakesh, the reported cash number is US\$624 million as on 31 December 2020. In terms of the next part of question, we expect based on the announcements done till now, US\$16 million will be our share of dividends from Burgan Bank in 2021. The rest of the companies are in process of announcing dividends, so we cannot state more than that as of now. In terms of operating

expenses and interest expenses, we expect the total is around US\$150-160 million. That is our expectation for the year at this stage. In addition to that, I had answered in response to previous question, the provisioning for the funding that we have done for our investment for Gulf Insurance Group, for OSN and for Burgan Bank as well. So, does that answer your question?

**Rakesh Tripathi:** Yes. So, you said US\$50-75 million for OSN roughly for this year and similar amount for Gulf Insurance Group, right? So, we are looking at around US\$100-150 million in terms of cash support to all the subsidiaries, excluding anything in Burgan?

**Anuj Rohtagi:** Correct.

**Rakesh Tripathi:** Fair enough. I am assuming, I mean, probably you could give a more idea on this, but my expectation is that you had expectations of around US\$90 million in terms of dividends received last year overall from all the group companies and I suppose it could be a bit lower than that this year, even if we do not have exact numbers, it's likely to be little lower as some of these might want to conserve cash. Right?

**Anuj Rohtagi:** The dividend receipts number of around US\$90 million was for 2020. For 2021, as you can see from the results that there is an impact of COVID across the group, so, naturally that will impact the dividend upstreaming to KIPCO level, and we are being conservative in our estimate that as of now we only have information of around US\$16 million inflow from Burgan Bank at KIPCO parent level. Gulf Insurance Group, as you know, is looking at an acquisition. So, they will take their decision later, and in addition to that, you can see other entities have been impacted by COVID, so we are being conservative based on the information that we have.

**Rakesh Tripathi:** Right. Thank you. Just one last thing I wanted to check on your cash balance, assuming things are the way we have budgeted as of now. I assume your cash balance could go down to somewhere around US\$400-450 million or US\$500

million may be by the end of this year assuming things stay as we see them now. In that case, I understand that you typically prefer to keep enough cash to be able to finance the next debt maturity and I know it is pretty far away in 2023, but in that context and in the context of the outflows that might happen this year, would you be looking at a possibility to say raise further debt sometime this year?

**Pinak Maitra:**

The likelihood of that is low, we believe that the interest rate cycle is going to be volatile in 2021 and we expect stability to return in 2022. So, from a cost of fund point of view, that is our view today. Obviously, it has been quite dramatic that we were close to around 1% and now we are 1.60% - 1.70% and yesterday we closed it around 1.59% on the 10-year treasury yield. So, clearly our view is that we do not need the money and the markets are not helpful and therefore it is going to be a second half 2022 from a planning point of view. That is how we see the projections going forward. We are saying that we will dip below US\$400 million during that time but that is on a fairly conservative basis that we are projecting those numbers from the US\$624 million that we reported for year end 2020 and let's see where we go because there are number of initiatives that are under work and therefore we do not want to speculate too much about plan A B or C, that we always continue to keep evaluating to make sure that we are in a good place in the second half of 2022, when we will be approaching the market. That is the broad thinking, currently.

**Rakesh Tripathi:**

Great. That clarifies it. Thank you.

If there are no further questions, I thought I will check on one more thing. This is not on financial performance but more on ESG. I remember that we had a discussion around this in September last year, when we spoke about the way you are rated by MSCI Sustainability and you mentioned that as of now these entities don't really see KIPCO as a holding company, but you would want to clarify that with them. Get Burgan Bank's rating to improve and for that to reflect in HoldCo

level rating. So, I just wanted to check where we are in terms of that and also in terms of articulating more on your ESG agenda and strategy?

**Anuj Rohtagi:**

Rakesh, thanks for that question. Interestingly, we recently participated in Request for Comment process from Moody's on ESG, where we raised similar points that the rating methodology for ESG generally is not bespoke. They are cut in one manner, which may not be suitable for an investment company. So, it's a journey and I think we will be engaging much more closely with all the rating agencies, particularly focusing on ESG and raise this issue much more. Our current plan is to do that in line with our overall funding plan. We will try to take it up in second half of 2021 and accelerate that in first part of 2022, so that we have a clear picture by the time we are ready for the next issuance.

**Pinak Maitra:**

On macro basis, the broad comment is that there are two activities happening or two global trends that are moving. For operating businesses, for instance, dairy companies, we are very actively engaged. We completed our phase one studies and in annual report there will be a significant amount of ESG disclosure. So, we are very active and taking steps to increase that exposure because there, the impact is real. Our ability to impact the environment and focus on sustainability is real benefit to the mankind. In terms of the governance, we have been decent. We have to get more disclosures and fit them into scheme of things. But there is also the issue of what is innovation and disruption doing. From the evidence that we are seeing in the financial markets, although ESG has got large vocal voice in various media formats but the money is still up in the air. If you look at the performance of the companies that have done very well in 2020 and up to now, they all seem to be favoring innovation and disruption. The jury is out and through our process we will take part in this global journey, be very thoughtful and take it from there.

**Rakesh Tripathi:**

That is fair. In terms of ESG disclosures, should we expect something more coming from KIPCO may be sometime later this year?

**Pinak Maitra:** We think we will do so if it makes sense. Clearly, we are looking into it. What I hear from what Anuj says, that current disclosures are “one cookie cutter approach” which in real life doesn’t work. So, we have to figure out what is the best way to show our disclosures. There are a lot of things we do, that we do not do a good job of talking about. For instance, we were the ones who contributed to setting up the stem-cell hospital in Kuwait. That is clearly sustainability that we do not talk about. So, we do a lot of things, but we have to figure out what helps the investors really put it not as a ritual but more as a substantive thing. So that is the long answer what I gave but the short answer is yes, we will have more disclosures in the second half.

**Rakesh Tripathi:** Sure, Thank You.

**Moderator:** Thank you Rakesh. We have a question from Willem Visser from T Rowe Price. Willem your line is open

**Willem Visser:** Thanks for the presentation. This is a follow-up question from a previous question. You answered the question about the cashflow dipping below US\$400 million and that there are a number of initiatives in place. It would be great if you can elaborate little bit on what decisions will be taken, like, optimizing the portfolio, disposing-off certain assets. Also, on the question that Ali raised about maturity, do you have any maturity falling ahead of the bonds maturing in 2023?

**Anuj Rohtagi:** I can answer the second part first which is no. Our next maturity is in 2023. With regard to your first question, giving more colors on the scenarios, it is premature as of now. We are looking at lot of options. As and when they have reached a stage that we can talk about them publicly, we will disclose them

**Pinak Maitra:** And if you are looking at buckets, it is upstreaming cash that exists in our underlying entities or disposal of assets or all the capital instruments that prudent companies should consider when they are working on a long-term capital plan. So, that is why

I called it plan A, B, C. Those are the headings which we will do but it's too premature to size the bucket. We have not reached the confidence where we want to talk about it precisely.

**Willem Visser:** No that makes sense. Maybe, lastly you have been stating on OSN, on divesting your stake. Is there still discussion going on? Can you put a timeline around that?

**Anuj Rohtagi:** We continue to have discussions for lot of our assets. OSN happens to get lot of attention because of our previous classification in 2018. There is nothing specific that we can disclose at this moment.

**Willem Visser:** Okay, thank you.

**Moderator:** Thank you Willem. We currently have no further questions so I will hand it back to Mr. Pinak.

**Pinak Maitra:** Thank you so much. I want to thank all the investors and repeat the request that we have been consistently making for the Covid-19. Stay safe, maintain social distancing, wash your hands, and use the mask. Thank you and stay safe.



# Disclaimer

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*Note: : Exchange rate of USD/KD of 0.30325 has been used in the presentation for financial numbers*

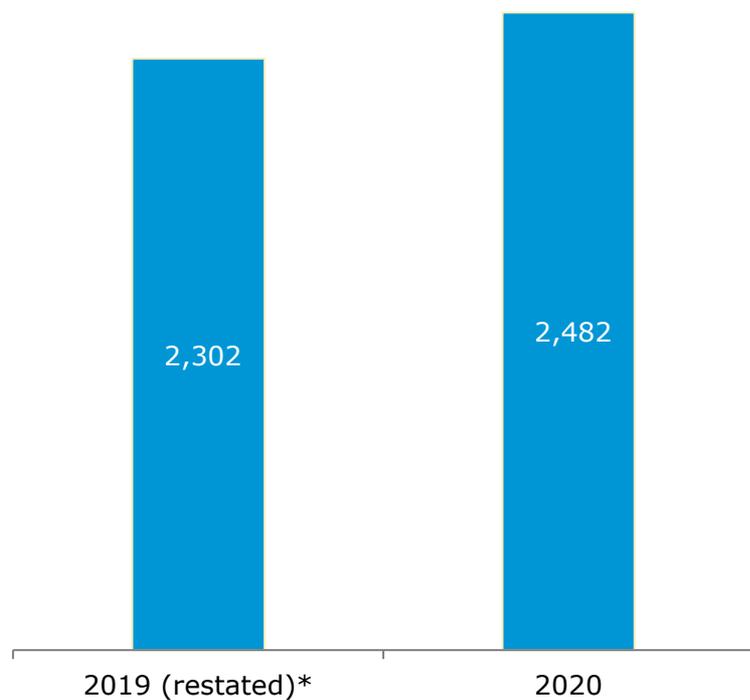


## Performance Update

# KIPCO consolidated: Financial performance

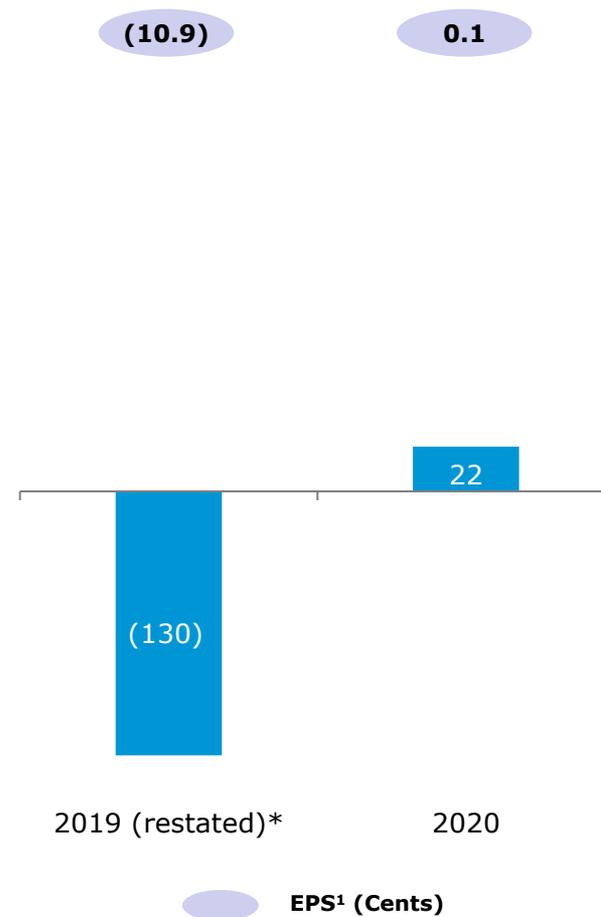
## Revenue

USDmn



## Net Profit

USDmn



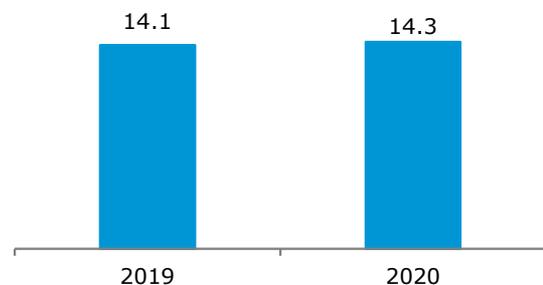
\*Please refer Notes 2 and 3 for details on restatement

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

# Burgan Bank Group (BBG)

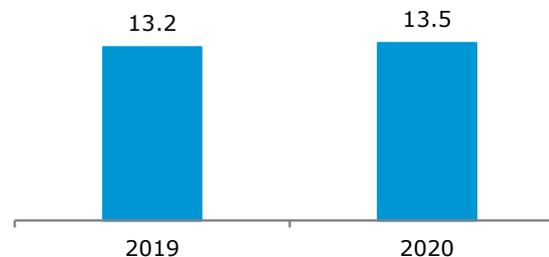
## Loans

USDbn



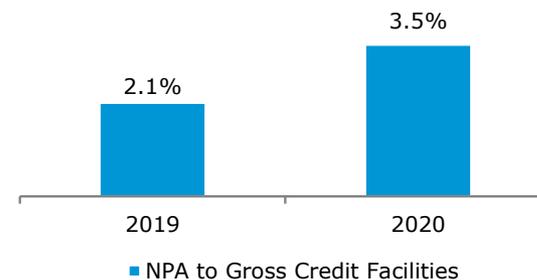
## Deposits

USDbn



## Asset Quality

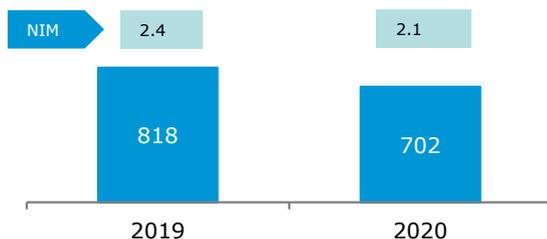
NPA coverage with collateral		NPA coverage without collateral	
2019	281%	202%	214%
2020	214%	136%	136%



## Operating Income

USDmn

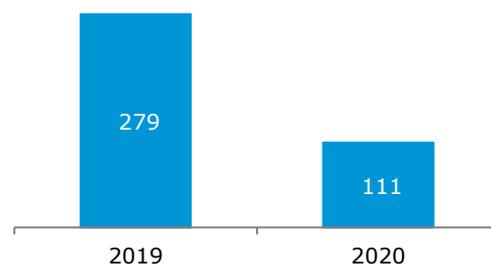
	2019	2020
Kuwait	514	407
International	304	294



## Net Profit & Provision

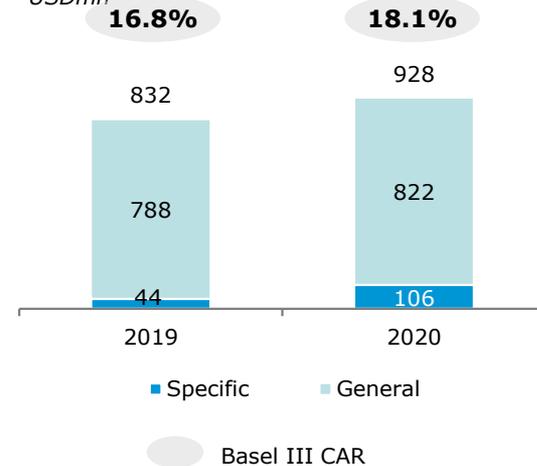
USDmn

	2019	2020
Provisions	162	254



## Total Provision & CAR

USDmn

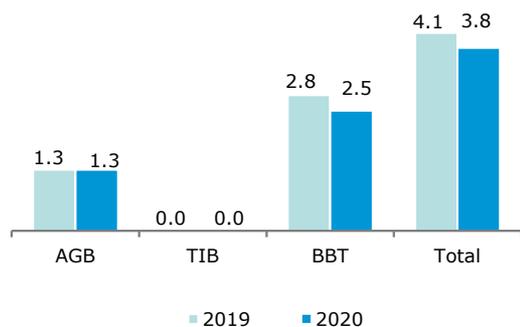


Note: Financial results of 2019 include only eleven months performance of subsidiaries.

# BBG: Regional operations

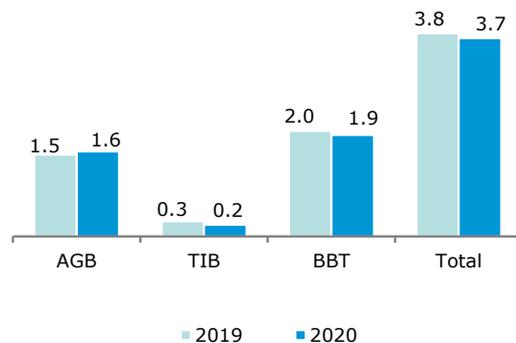
## Loans<sup>^</sup>

USDbn



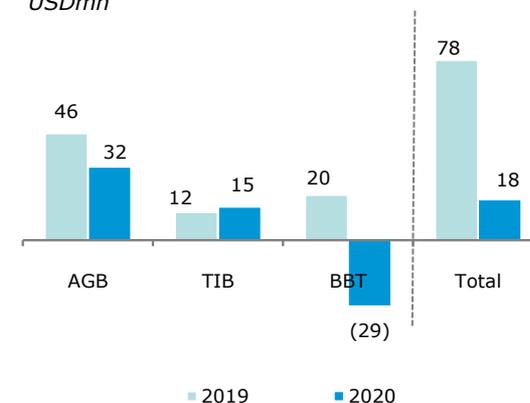
## Deposits<sup>^</sup>

USDbn



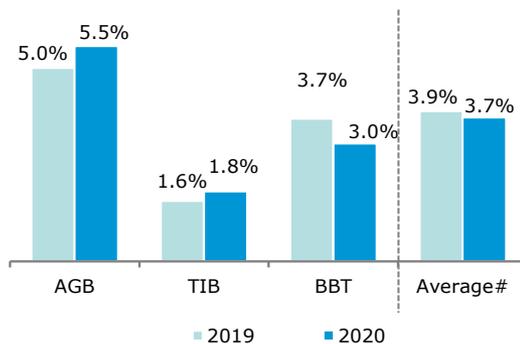
## Net Profit

USDmn



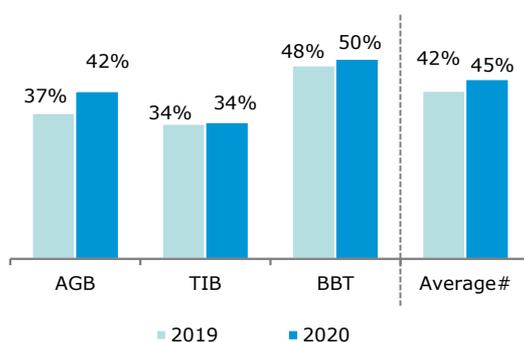
## Net Interest Margin

Percentage



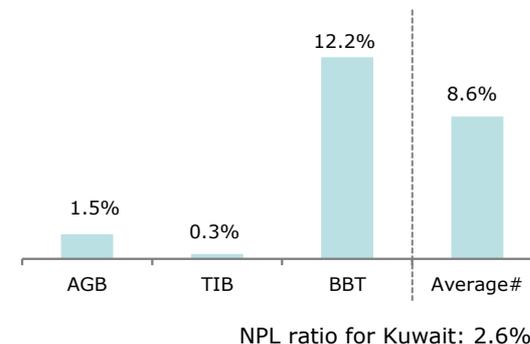
## Cost to Income

Percentage



## Non-Performing Loans\*

Percentage



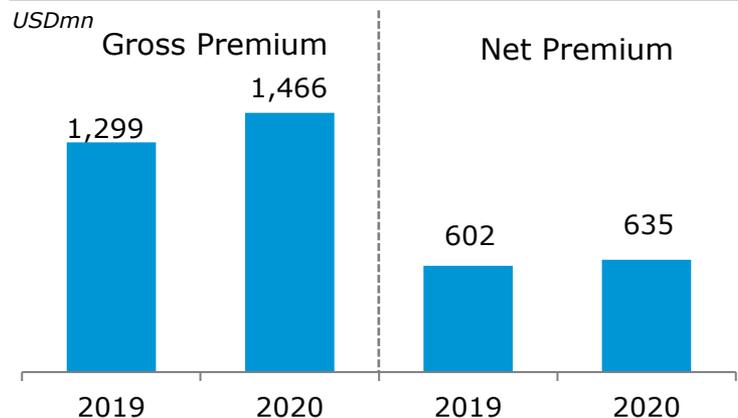
# Represents weighted average figures using the denominator of respective ratio as weights

<sup>^</sup> For 2019 and 2020, BoB is classified as asset for sale, hence excluded from the results

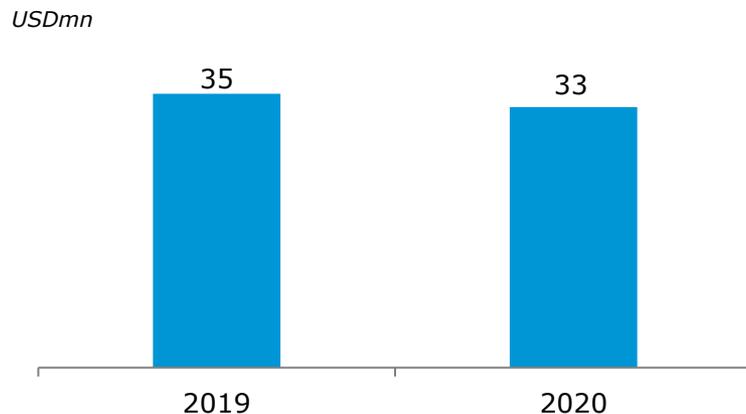
\*NPL ratio is as per CBK computation

# Gulf Insurance Group (GIG)

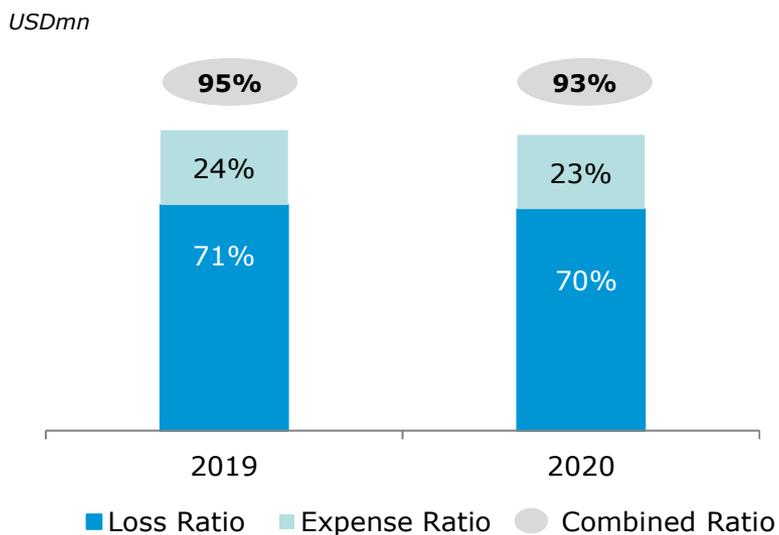
## Gross and Net Premium written



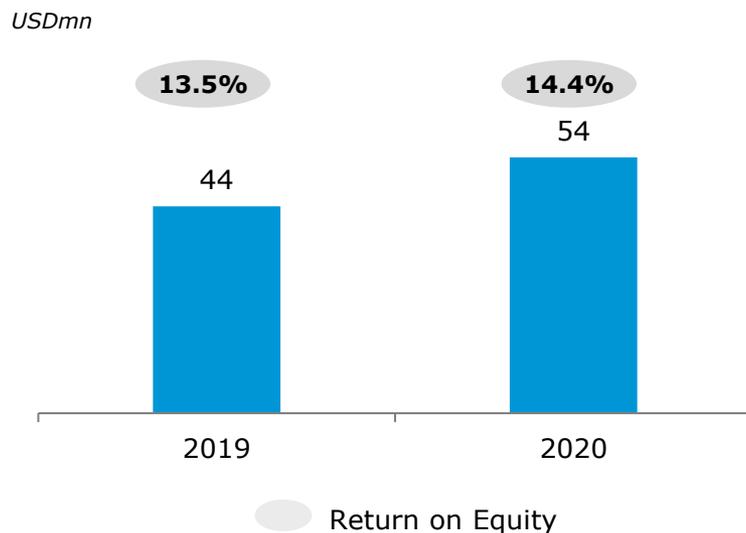
## Net Investment Income



## Combined Ratio



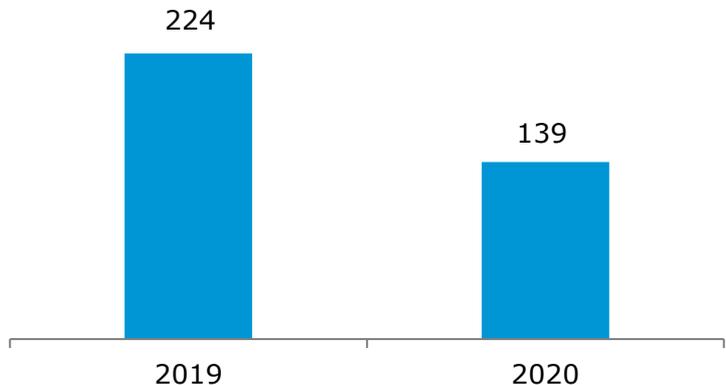
## Net Profit & ROE



# United Gulf Holding Company (UGH)

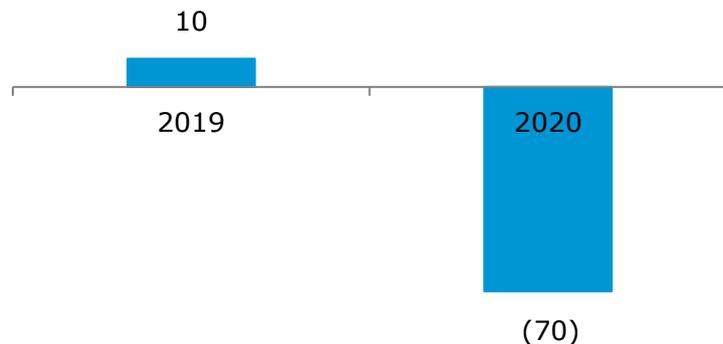
## Revenue

USDmn



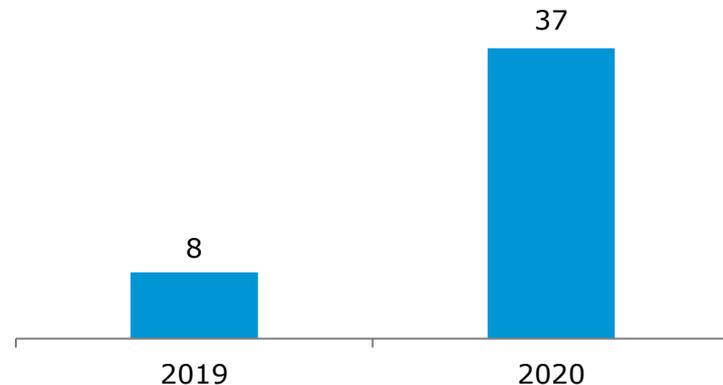
## Net Profit

USDmn



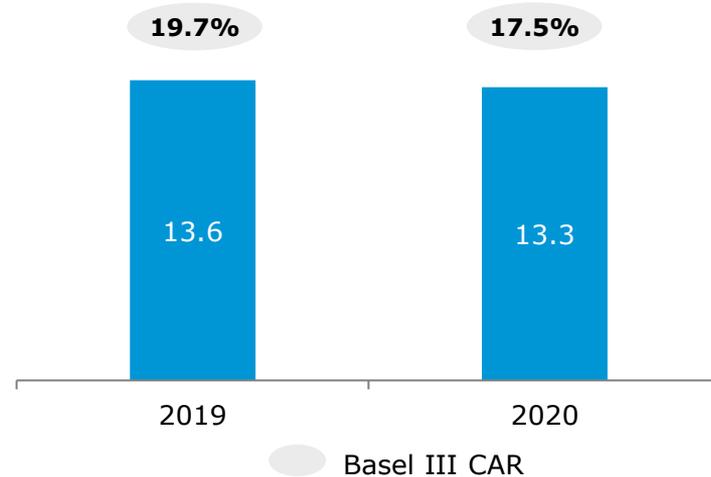
## Provisions for Credit Losses

USDmn



## AuM & Capitalisation

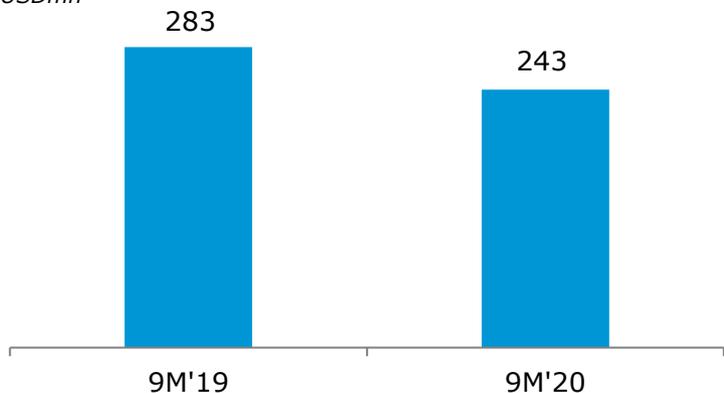
USDbn



# United Real Estate (URC)

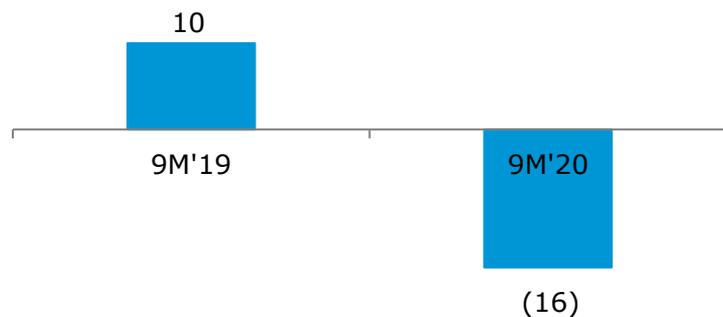
## Total Revenue

USDmn



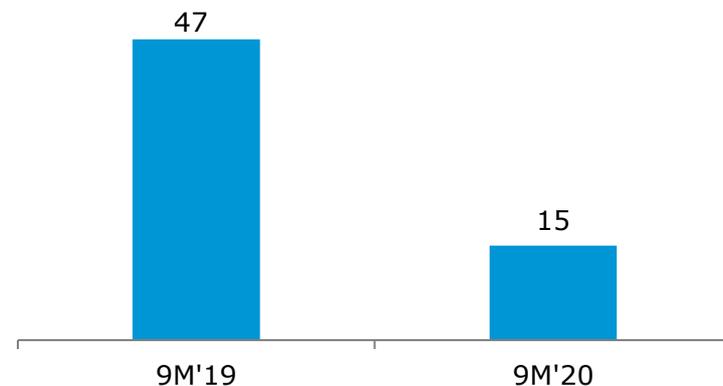
## Net Profit

USDmn



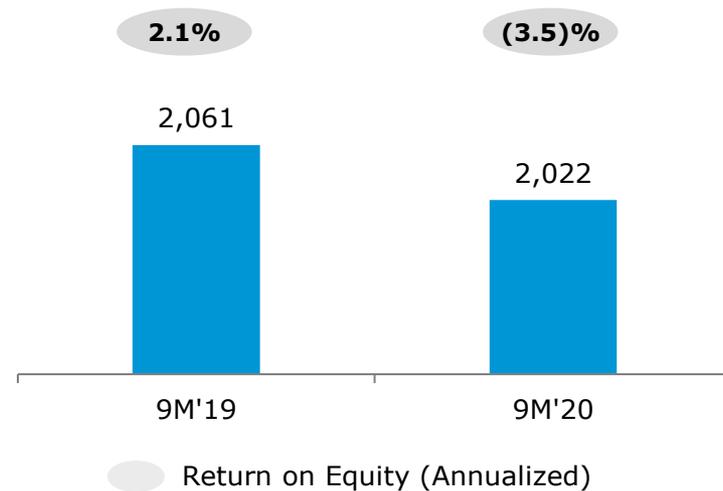
## Operating Profit

USDmn



## Total Assets & ROE

USDbn



# OSN

## Overview

- ▶ **Largest pay-tv and on-demand video provider in MENA, operating across multiple platforms:**
  - Direct-to-home (DTH)
  - Cable fibre & Internet Protocol television (IPTV)
  - Over-the-top streaming (OTT)
  - Business - Large commercial setups & hotels
- ▶ **Premium content offerings with 73 channels in linear TV and 30,000 hours of content on-demand in streaming OTT**
  - Exclusive contracts with 7 major Hollywood studios
  - 1<sup>st</sup> pay window on Pay-tv and SVOD
  - Tailored local offering - Premium Arabic content, now including OSN Originals
- ▶ Licensed to operate in 25 countries, active in 7 core markets
- ▶ Product packages from \$10 to \$80 p.m., capturing all income segments
- ▶ Employs ~720 people, 23 retail locations and network of 77 partners

## Strategy

- ▶ Push growth by a connected OSN
- ▶ OSN streaming is key component for future growth
- ▶ Traditional OSN TV is migrating to on-demand
- ▶ Great UI/UX supported by strong analytical capabilities for optimal customer enjoyment
- ▶ OSN Originals launched with Aa'det Rigala, Arabic version of "Come dine with me", "No man's land" and now Kayd Majhool (thriller drama series) with big pipeline for 2021
- ▶ Strong partnership with all major MENA Telcos
- ▶ Strong executive management and Independent Directors team

Now among top 3 players in MENA with OTT subs grown multifold from ~80k in Apr'20 to ~450K

### MENA Pay Tv Potential

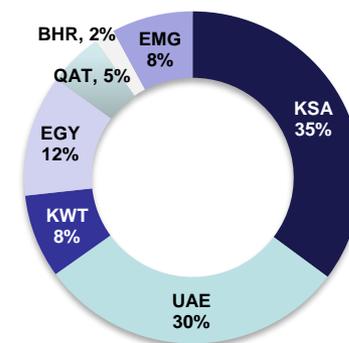
Region	Latin America	TV Household (Mn)	Pay TV/ TV Household (%)
<b>MENA Region<sup>1</sup></b>	<b>367</b>	<b>72</b>	<b>~10%</b>
Latin America	621	56	44%
UK	67	27	56%
India	1,352	197	66%
US	329	120	79%

### Expected growth of OTT in MENA



Source: Mckinsey Report (Oct'20)

### Subscribers by country



1.2mn subscribers of OSN as on 31 Dec20

<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)

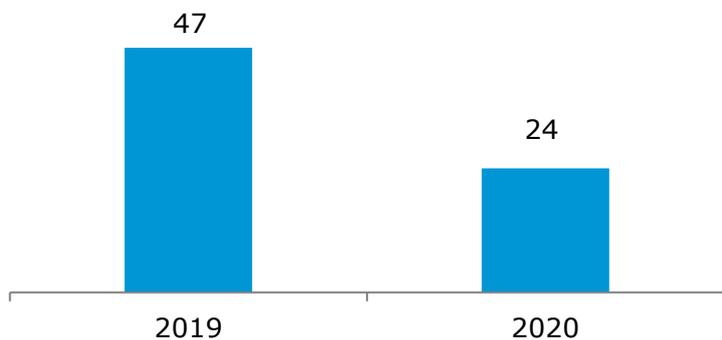
Source: IMF, WEO Database October 2019, Euromonitor, Statista, Nielsen, Broadband TV News, Economic times

# Other key entities

## United Industries Company (UIC)

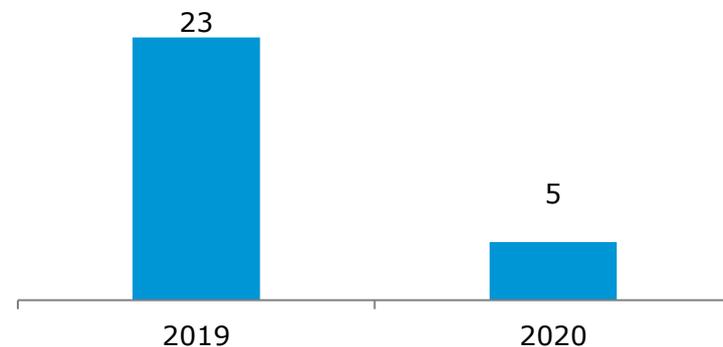
### Total Revenue

USDmn



### Net Profit

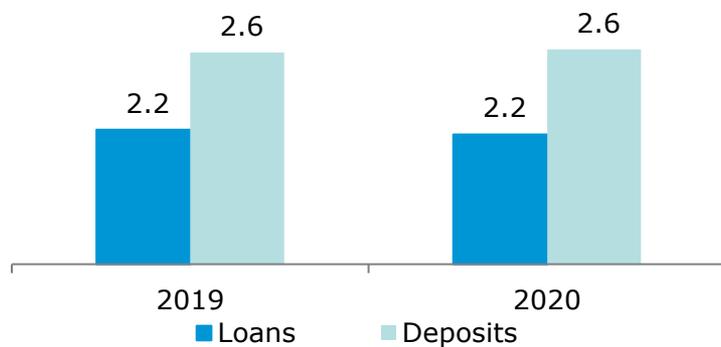
USDmn



## Jordan Kuwait Bank (JKB)

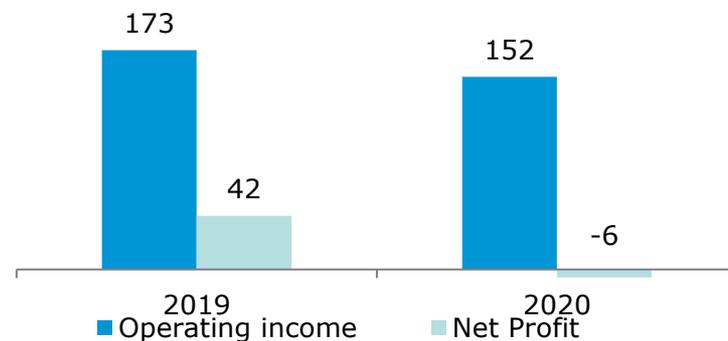
### Loans & Deposits

USDbn



### Operating Income & Net Profit

USDmn





## Annexure

# KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	2019*	2020
Cash in hand and at banks	5,217	4,441
Treasury bills, bonds & other debt securities	1,801	1,651
Investment in associates	1,165	1,151
Investment in a media joint venture	412	-
Investment properties	2,079	2,075
Other investments	2,015	2,124
Other assets (inc. goodwill & intangibles)	21,237	22,243
<b>Total assets</b>	<b>33,926</b>	<b>33,686</b>
Due to Banks & Other FI's	4,700	4,194
Deposits from Customers	17,596	17,016
Debt	6,374	6,521
Other liabilities	1,928	3,012
Equity attributable to equity holders of the Parent Company	828	662
Perpetual capital securities	506	506
Non-controlling interest	1,994	1,776
<b>Total liabilities and shareholders equity</b>	<b>33,926</b>	<b>33,686</b>

*\*restated*

# KIPCO consolidated: Income Statement

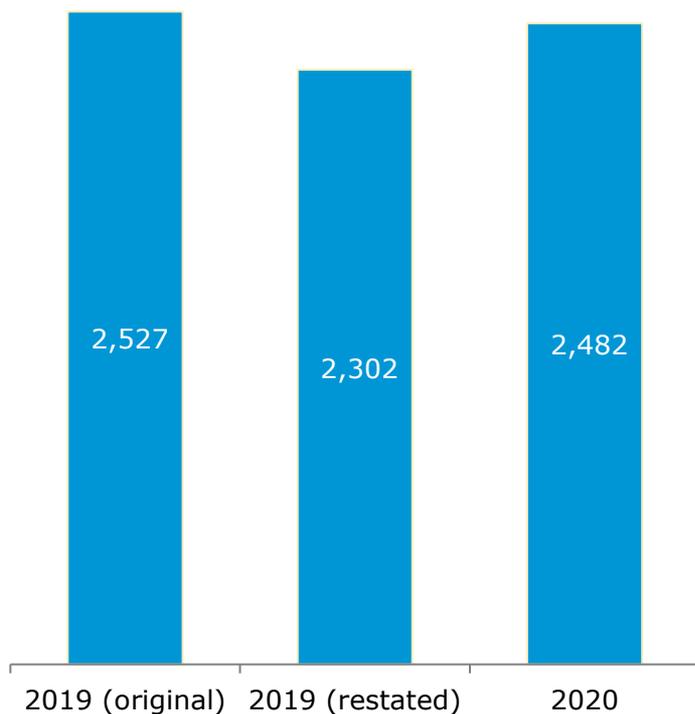
Consolidated Income Statement (USDmn)	2019*	2020
Interest income	1,347	1,083
Investment income	113	284
Fees and commission income	215	186
Share of results of associates	76	59
Share of results of a media joint venture	(224)	(20)
Hospitality and real estate income	398	334
Other revenues	378	556
<b>Total revenues</b>	<b>2,302</b>	<b>2,482</b>
Interest Expenses	954	760
General and administrative expenses	618	556
Other expenses and provisions	636	1,127
Taxation	54	10
Loss from discontinued operations	-	-
Non-controlling interest	170	7
<b>Net profit attributable to Equity Holders of the Parent Company</b>	<b>(130)</b>	<b>22</b>
Basic Earnings Per Share, Cents (Reported)	(10.9)	0.1
Basic Earnings Per Share for continuing operations, Cents (Reported)	(10.9)	0.1

*\*restated*

# KIPCO consolidated: Financial performance

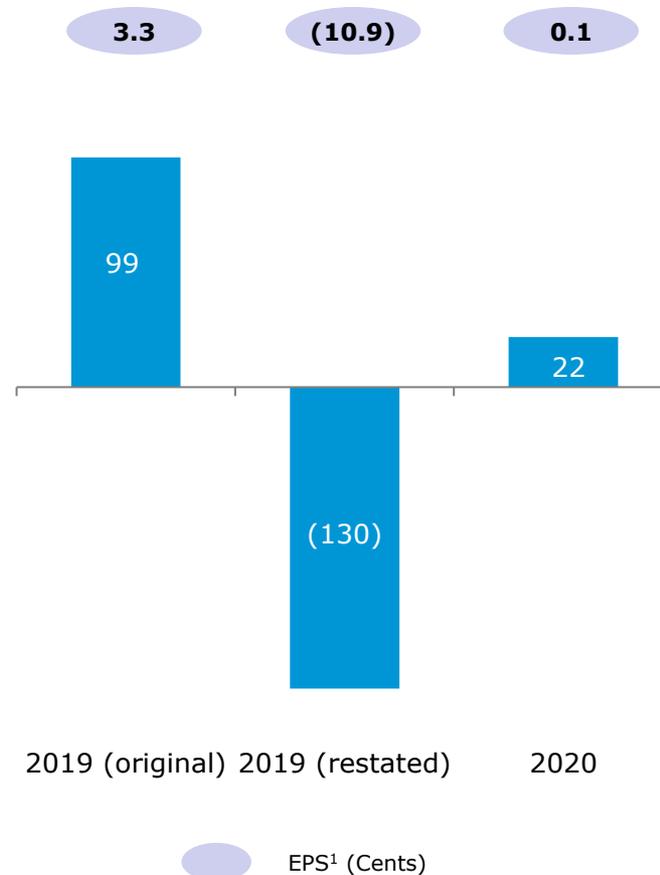
## Revenue

USDmn



## Net Profit

USDmn



*\*Please refer Notes 2 and 3 for details on restatement*

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



Thank you