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## Key Investment Highlights

# Our business, strategy and team



Our

## Business

- ▶ Holding company with total assets of USD34.1bn<sup>1</sup>
- ▶ 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; 29 years of reported profits, 19 years of dividend payment and ~8% book value per share growth in last 15+ years<sup>2</sup>
- ▶ Listed on the Boursa Kuwait with a market capitalisation of USD1.1bn<sup>3</sup>



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 31 years

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

<sup>1</sup> As of 31 December 2020

<sup>2</sup> Assuming no dividend was paid between 31 December 2005 and 31 December 2020

<sup>3</sup> As of 15 Apr 2021

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

# Key investment highlights



## Proven Track Record

- ▶ 29 years of reported profit
- ▶ 19 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 Leadership<sup>1</sup>

- ▶ Burgan Bank is #2 conventional bank in Kuwait<sup>2</sup>; OSN is leading entertainment platform in MENA<sup>3</sup>; Gulf Insurance Group is #1 insurer in Kuwait<sup>4</sup>, Bahrain<sup>5</sup>, Jordan<sup>5</sup> & Egypt<sup>6</sup>; United Real Estate Company is #2 real estate player on KSE<sup>2</sup>



## Strong Liquidity<sup>1</sup>

- ▶ Cash balance of USD623mn
- ▶ > 40% of the portfolio<sup>7</sup> is listed, and can be liquidated at short notice



## Credit Rating

- ▶ Ba1/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

- ▶ Conservative financial policy of maintaining strong cash position at parent level
- ▶ Average debt maturity of 4.3 years<sup>1</sup>



## "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

<sup>1</sup>As of 31 December 2020  
premiums

<sup>5</sup> By GPW

<sup>2</sup>By assets

<sup>3</sup>By revenue and countries of operations

<sup>6</sup> By technical profit among private sector players

<sup>7</sup>Comprises listed principal companies and listed investments as of 31 December 2020

<sup>4</sup> By Gross premium written (GPW) and Direct



## 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 and  
focus on digital businesses*













**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 <sup>2</sup>	Industrial	Others	Revenue (2020) <sup>3</sup>
<b>Kuwait</b> 	●	●	●	●	●	●	●	46%
<b>KSA</b> 		●	●		●	●		5%
<b>UAE</b> 	●	●	●	●	●			5%
<b>Bahrain</b> 		●	●		●			5%
<b>Qatar</b> 		●		●				1%
<b>Turkey</b> 	●		●		●			11%
<b>Jordan</b> 	●	●	●	●	●			12%
<b>Egypt</b> 		●	●	●			●	5%
<b>Algeria</b> 	●	●	●					6%
<b>Iraq</b> 	●	●	●		●			0%
<b>Malta</b> 	●				●			3%
<b>Tunisia</b> 	●	●			●			1%
<b>Others</b>	●	●	●	●	●		●	0%
<b>Revenue (2020) <sup>1</sup></b>	43%	16%	22%	10%	4%	2%	4%	
<b>Assets (2020) <sup>1</sup></b>	71%	4%	7%	8%	7%	2%	2%	

**Attractive presence in high growth economies and promising sectors**

Note 1. As per total revenue of USD3.2bn and total assets of USD40.3bn, 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



# Core holdings

## 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> By Gross premium written (GPW) and Direct premiums profit among private sector players (all rankings as of 31 December 2020)

<sup>3</sup> By GPW

<sup>4</sup> By technical

# Controlling or majority stakes

	 بنك بروتيان BURGAN BANK	 osn	 UGH	 KAMCO INVEST	 gig شركة المشاريع المستقبلية	 شركة المقاربات المتحدة United Real Estate Co
<b>KIPCO Effective Stakes<sup>1</sup></b>	62.9%	86.3%	93.3%	57.8% <sup>3</sup>	45.6%	73.9%
<b>Board Representation</b>	6 of 9	2 of 7 <sup>5</sup>	5 of 8	4 of 5	4 of 10 <sup>4</sup>	5 of 7
<b>Market Cap (USDmn)<sup>2</sup></b>	1,921	Unlisted	1,453	98	383	164
<b>Credit Ratings</b>	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
	<b>Commercial Banking</b>	<b>Media</b>	<b>Asset Management &amp; Investment Banking (AMIB)</b>		<b>Insurance</b>	<b>Real Estate</b>

**Ability to actively control or influence key decisions of operating entities**

## Notes:

<sup>1</sup> Effective stakes given are as of 31 December 2020

<sup>2</sup> Market capitalisation as of 15 April 2021 (Source: Bloomberg for market price)

<sup>3</sup> Stake in KAMCO Invest is held through UGH

<sup>4</sup> GIG has 10 board members – 4 from KIPCO, 3 from Fairfax and 3 independent directors

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

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

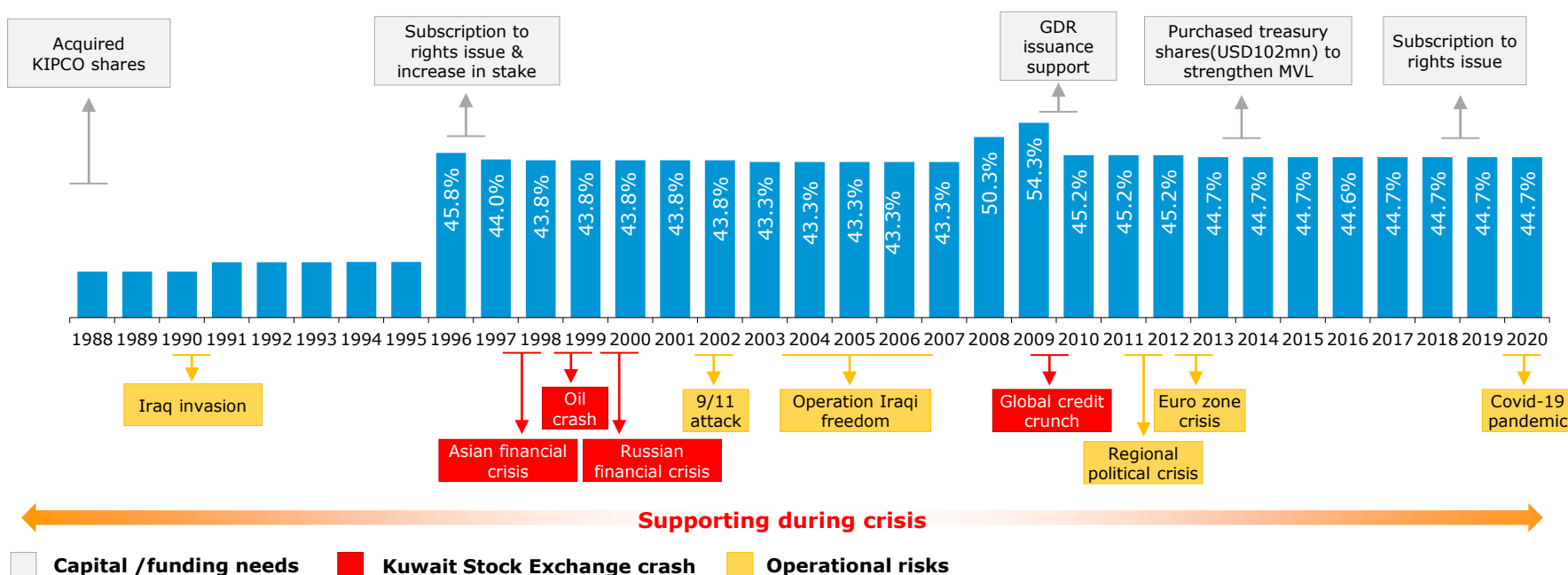
Has supported KIPCO in all its endeavors including capital raising, reduced dividends and treasury shares repurchases

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

# Burgan Bank Group (BBG)

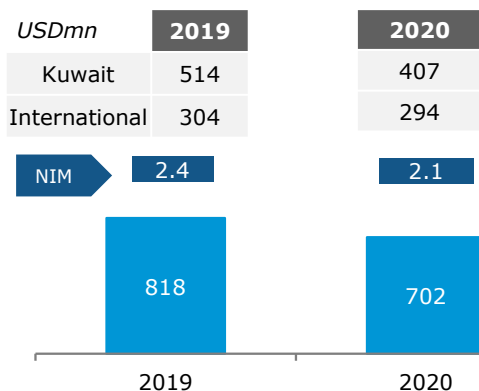
## Business highlights

- ▶ Kuwait based commercial bank with a regional presence in seven countries
- ▶ 2<sup>nd</sup> largest conventional bank in Kuwait in terms of assets (USD23.4bn<sup>1</sup>)
- ▶ BBB+ rating from S&P and A3 from Moody's, A+ from Capital Intelligence and A+ from Fitch
- ▶ Basel III capital adequacy ratio of 18.1%<sup>1</sup>
- ▶ Listed on Bursa Kuwait with a market cap of USD1.9bn<sup>3</sup>

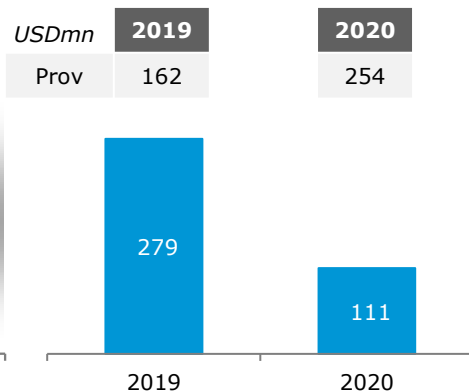
## Key Franchises

Name	Market Position	Effective Stake <sup>1</sup>	Assets <sup>1</sup> USDmn	Revenue <sup>2</sup> USDmn
 BURGAN BANK Kuwait	#2 conventional bank	100%	18,366	407
 BURGAN BANK Turkey	Niche player in corporate banking	100%	3,610	134
 بنك الخليج الجزائر Gulf Bank Algeria	#3 private sector bank in Algeria	86%	1,958	135
 بنك تونس الدولي Tunis International Bank	Leading offshore bank in Tunisia	87%	495	26

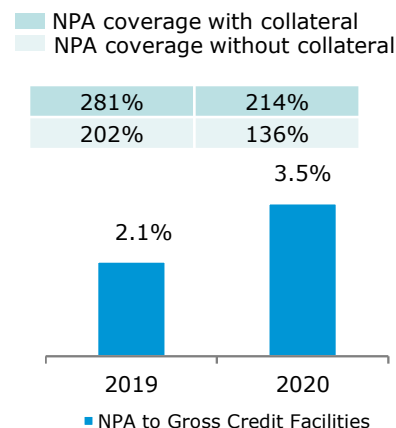
## Operating Income



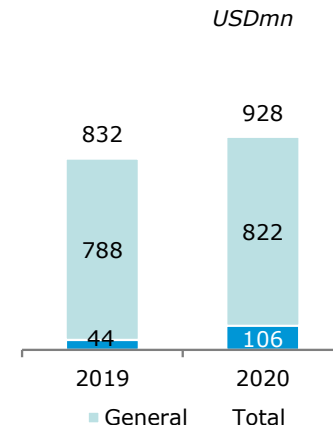
## Net Profit & Provision



## Loan Quality



## Total Provisions



**Strong franchise with healthy capital levels**

<sup>1</sup>As on 31 December 2020

<sup>2</sup>Operating income defined as revenue for 2020

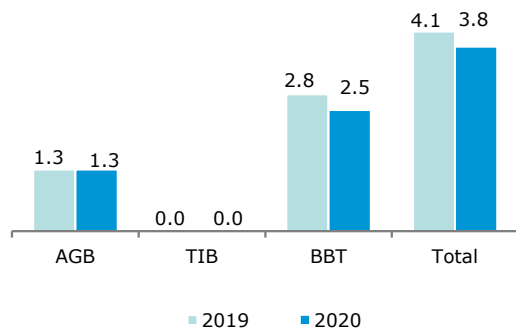
<sup>3</sup>As of 15 April 2021

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

# BBG: Regional operations

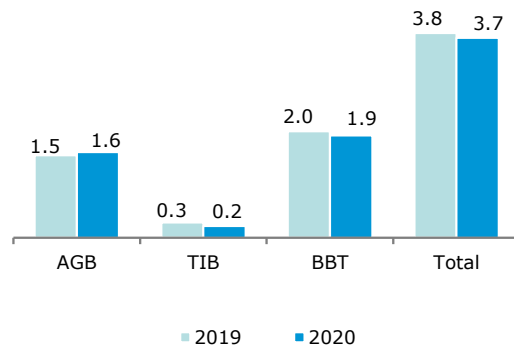
## Loans<sup>^</sup>

USDbn



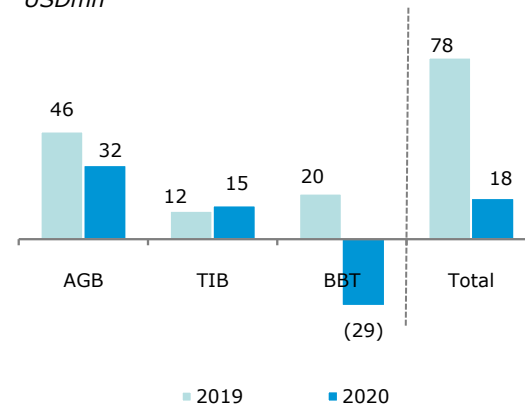
## Deposits<sup>^</sup>

USDbn



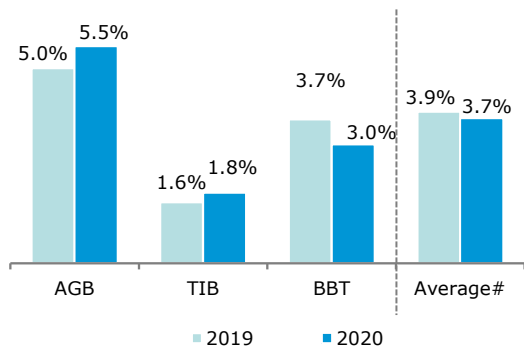
## Net Profit

USDmn



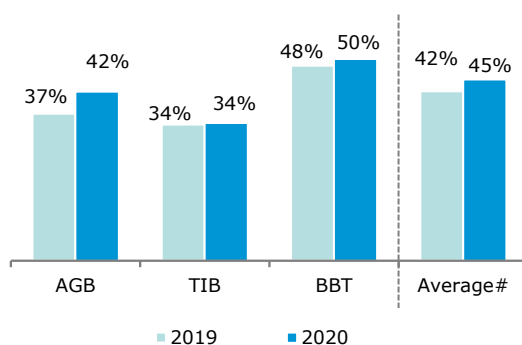
## Net Interest Margin

Percentage



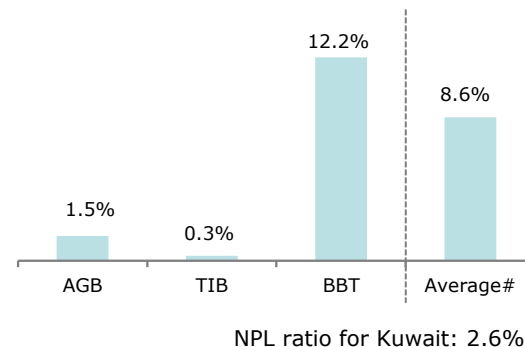
## Cost to Income

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)

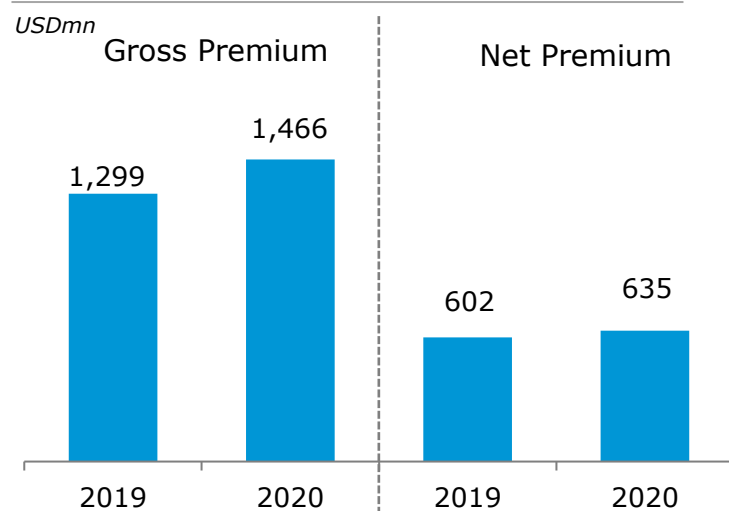
## Business highlights

- ▶ Kuwait-based insurance company with operations in life and non-life as well as Takaful insurance
- ▶ Presence across the MENA region in 11 countries through a network of over 80 branches; market leader in 4 countries
- ▶ A- rating from S&P; A3 from Moody's; A from AM Best
- ▶ In 2020, GIG announced acquisition of AXA's Gulf operations which will bring new insurance markets in Oman and Qatar and strengthen its operations in KSA, Bahrain and the UAE

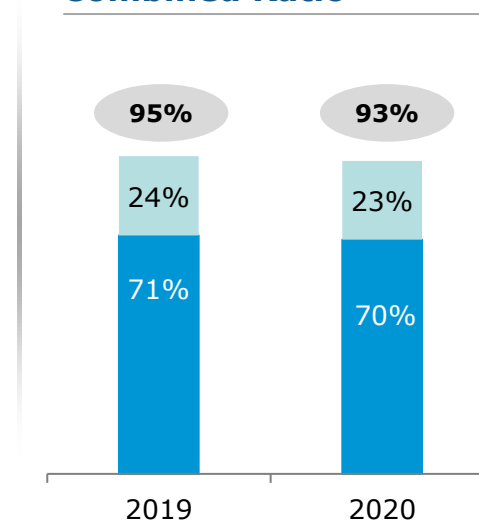
## Key Franchises

Name	Market Position	Effective Stake	Assets USDmn	Revenue USDmn
Gulf Insurance & Reinsurance Company	#1 by GPW in Kuwait	100%	1,223	355
Bahrain Kuwait Insurance	#1 by GPW in Bahrain	56%	538	103
Arab Orient Insurance	#1 by GPW in Jordan	90%	182	75
Arab Misr Insurance	#1 by technical profits in Egypt	99%	164	46
Gulf Sigorta	Niche player in Turkey	99%	207	50
Egyptian Life Takaful Co.	Niche player in Egypt	61%	99	26

## Gross and Net Premium written

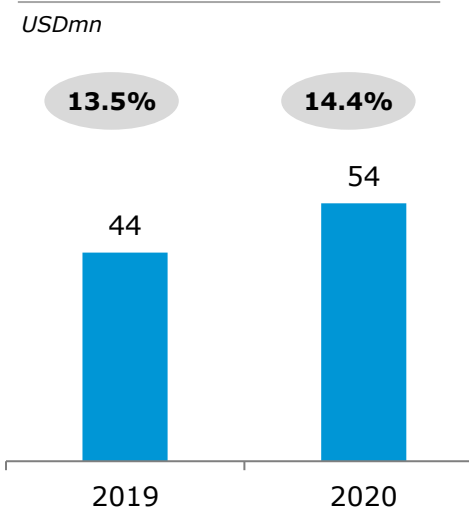


## Combined Ratio



■ Loss Ratio ■ Expense Ratio  
● Combined Ratio

## Net Profit & ROE



● Return on Equity



## 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

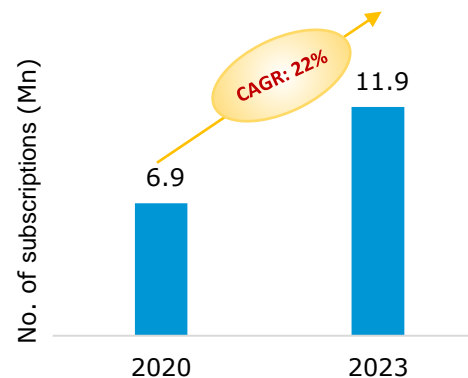
- ▶ Push growth by a connected OSN
- ▶ OSN streaming is key component for future growth
- ▶ Traditional OSN TV is migrating to on-demand
- ▶ Great UI/UX supported by strong analytical capabilities for optimal customer enjoyment
- ▶ OSN Originals launched with Aa'det Rigala, Arabic version of "Come dine 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 ~425K

## MENA Pay Tv Potential

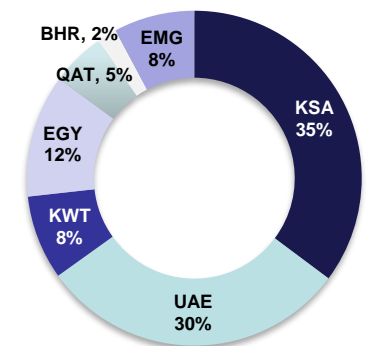
Region	Latin America	TV Household (Mn)	Pay TV/ TV Household (%)
<b>MENA Region<sup>1</sup></b>	<b>367</b>	<b>72</b>	<b>~10%</b>
Latin America	621	56	44%
UK	67	27	56%
India	1,352	197	66%
US	329	120	79%

## 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

# United Gulf Holding Company (UGH)

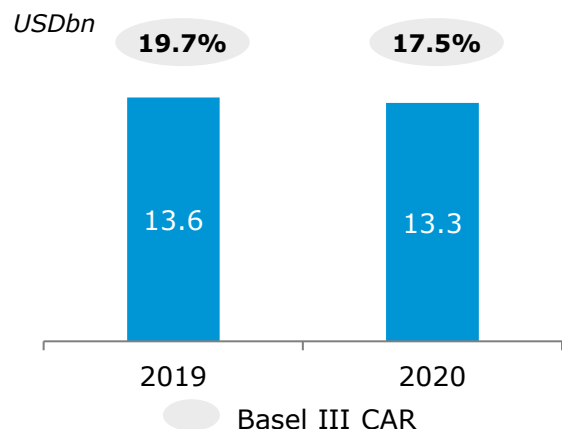
## Business highlights

- ▶ 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
- ▶ Asset base of USD3.3bn<sup>1</sup>

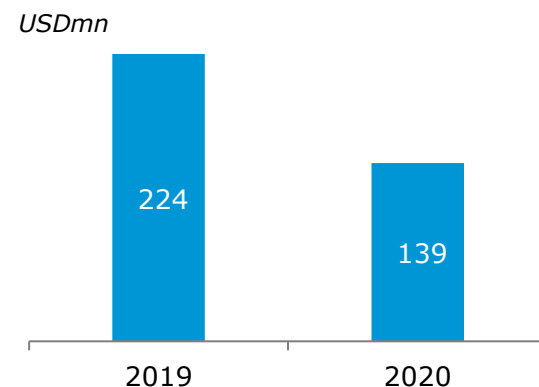
## Key Franchises

Name	Market Position	Effective stake <sup>1</sup>	Assets <sup>1</sup> USDmn	Revenue <sup>2</sup> USDmn
 KAMCO INVEST	#1 asset management company in Kuwait by AuM	60%	450	37
 BURGAN BANK	#2 conventional bank in Kuwait by assets	15%	23,433	702
 URC شركة العقارات المتحدة United Real Estate Co	#2 real estate company in Kuwait by assets	10%	2,022	242
 FIMBANK	Niche trade finance player in Malta	80%	1,834	3

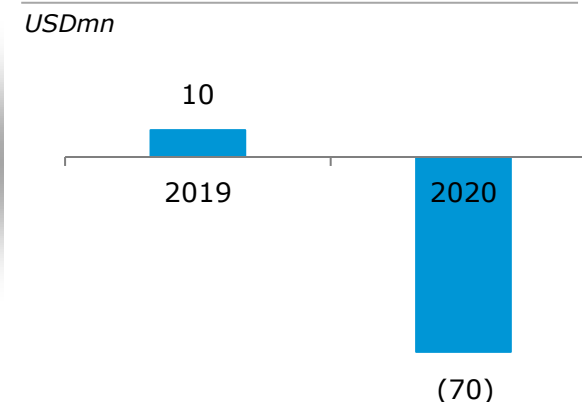
## AuM & Capitalisation



## Revenue



## Net Profit



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

<sup>1</sup> As of 31 December 2020

<sup>2</sup> Operating income is defined as revenue for the period ending 31 December 2020

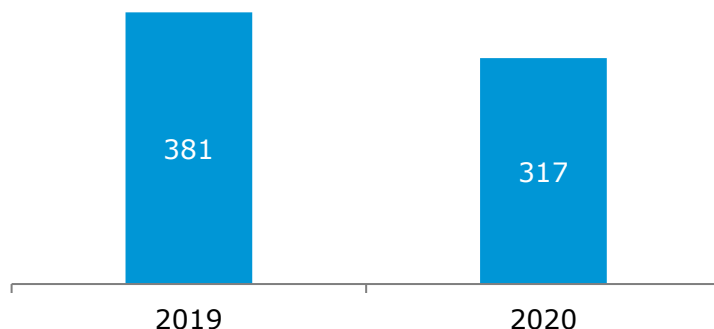
# United Real Estate Company (URC)

## 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 USD2.0bn<sup>1</sup>

## Total Revenue

USDmn

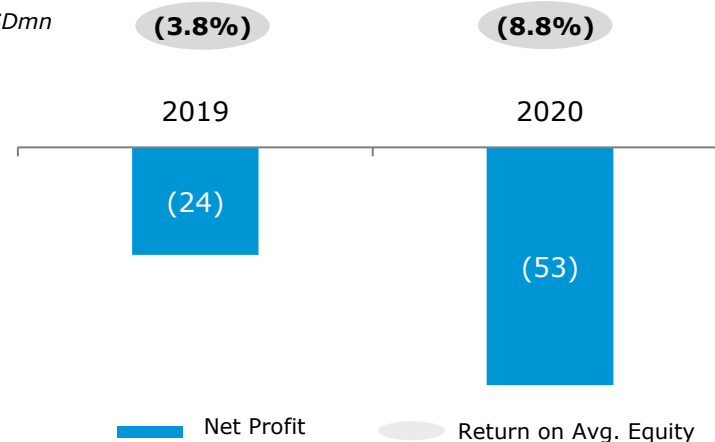


## Key Franchises

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

USDmn

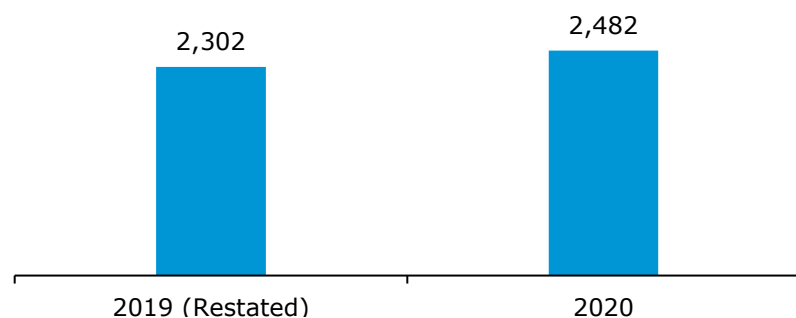


**URC is a major real estate player in Kuwait**

# KIPCO consolidated: Financial performance

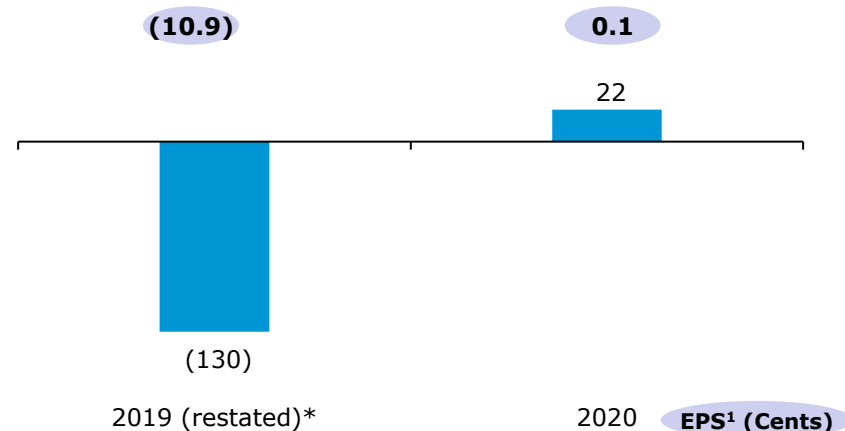
## Revenue

USDmn



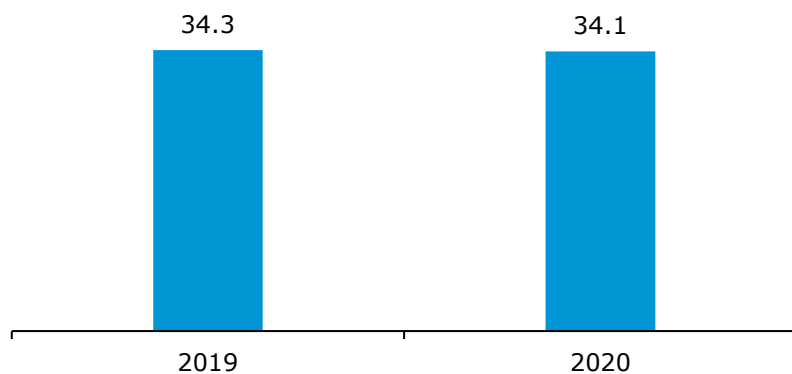
## Net Income

USDmn



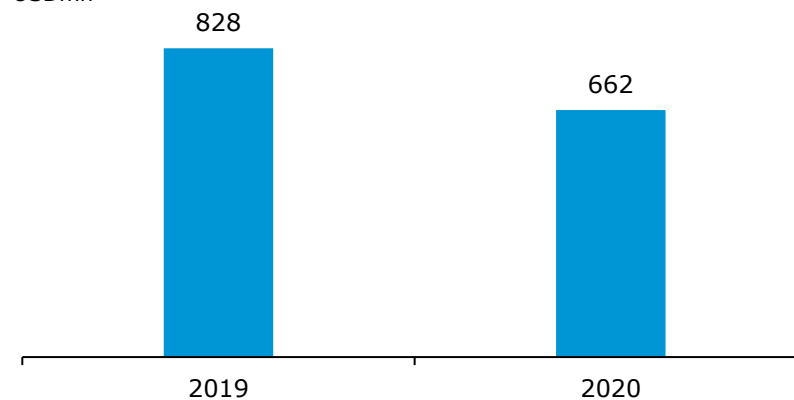
## Consolidated Assets

USDbn



## Shareholder's Equity

USDmn



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

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



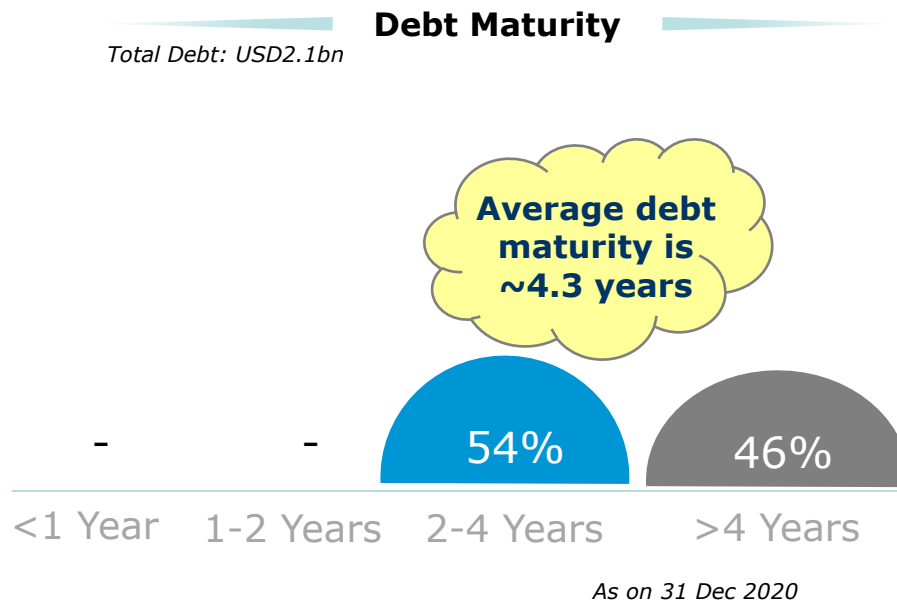
## Debt Metrics

# KIPCO parent debt matrix

	(USDmn)	
	31 Dec 2020	
Cash & Cash Equivalents		623
Gross Debt		2,145
Net Debt		1,522
Estimated Investment Portfolio Value		3,813
<b>Net Debt / Portfolio Value</b>		<b>40%</b>

*Portfolio Value has been calculated by taking market value of listed assets, OSN at 2009 merger value of \$1.5bn and other unlisted assets at their respective carrying value*

# KIPCO parent debt profile



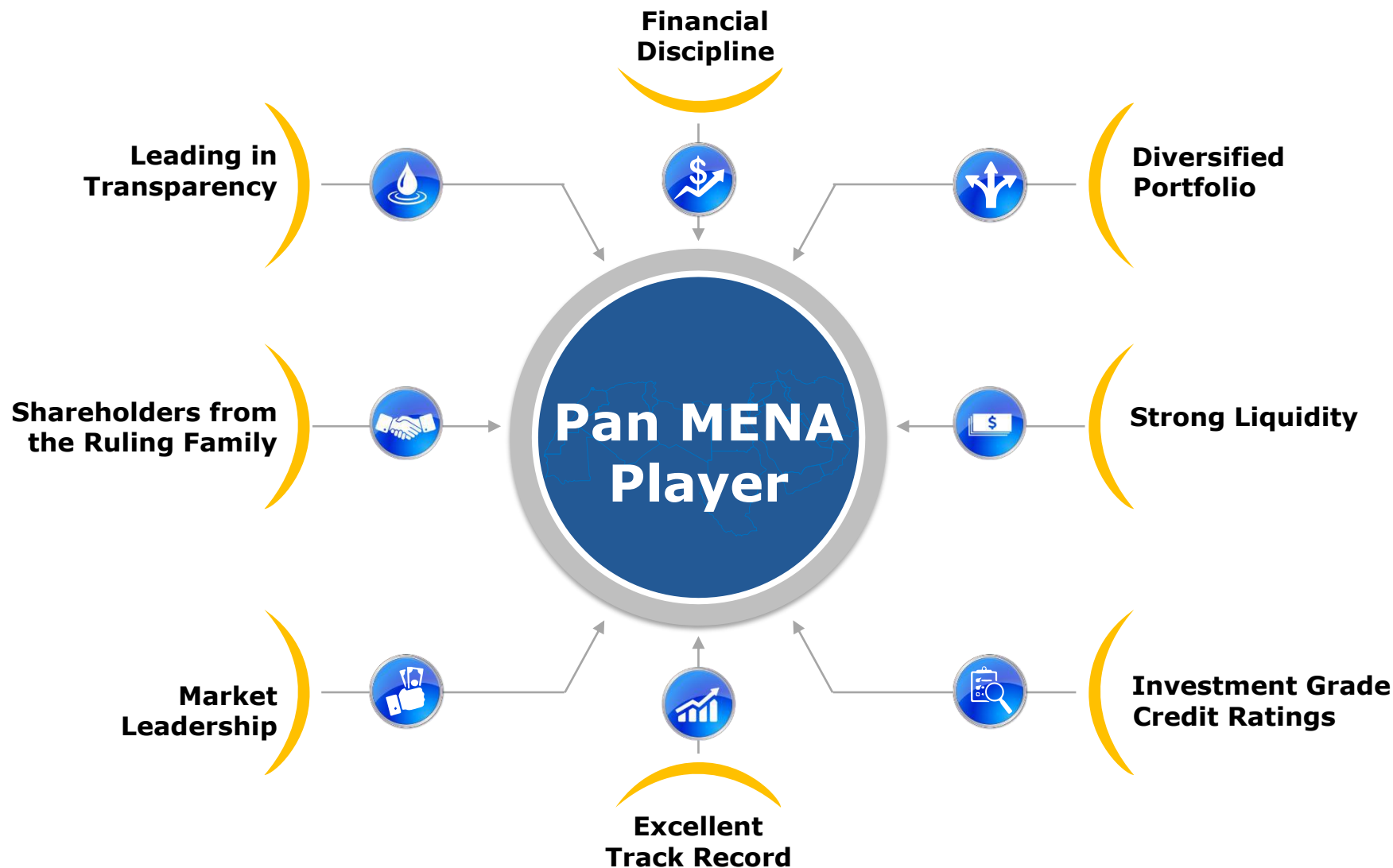
- Cash & bank balance of USD623mn
- Placements are with investment grade rated domestic institutions; having short duration and are typically rolled over on a monthly basis





Why KIPCO

# Key credit highlights



**KIPCO group embracing digital transformation...**

# Burgan Bank: Enriching digital experience



'**Tijarati**' app, designed exclusively for SMEs, provides business owners a Realtime transaction monitoring innovative solution to be able to track their sales transactions across several levels at **anytime and anywhere**.

- Interactive Dashboards & Real-time Business insights
- Easily generate & download reports
- Performance comparison and tracking
- Merchant Engagement Platform through Badges, Awards and Trophies



**BANKI** (Electronic Virtual Assistant) is voice enabled Artificial Intelligence powered banking chatbot.



- Always at your service
- Quick and easy
- Always learning and evolving

Launch of **contactless payment solutions** with Samsung Pay, FitBit Pay, and Garmin Pay.



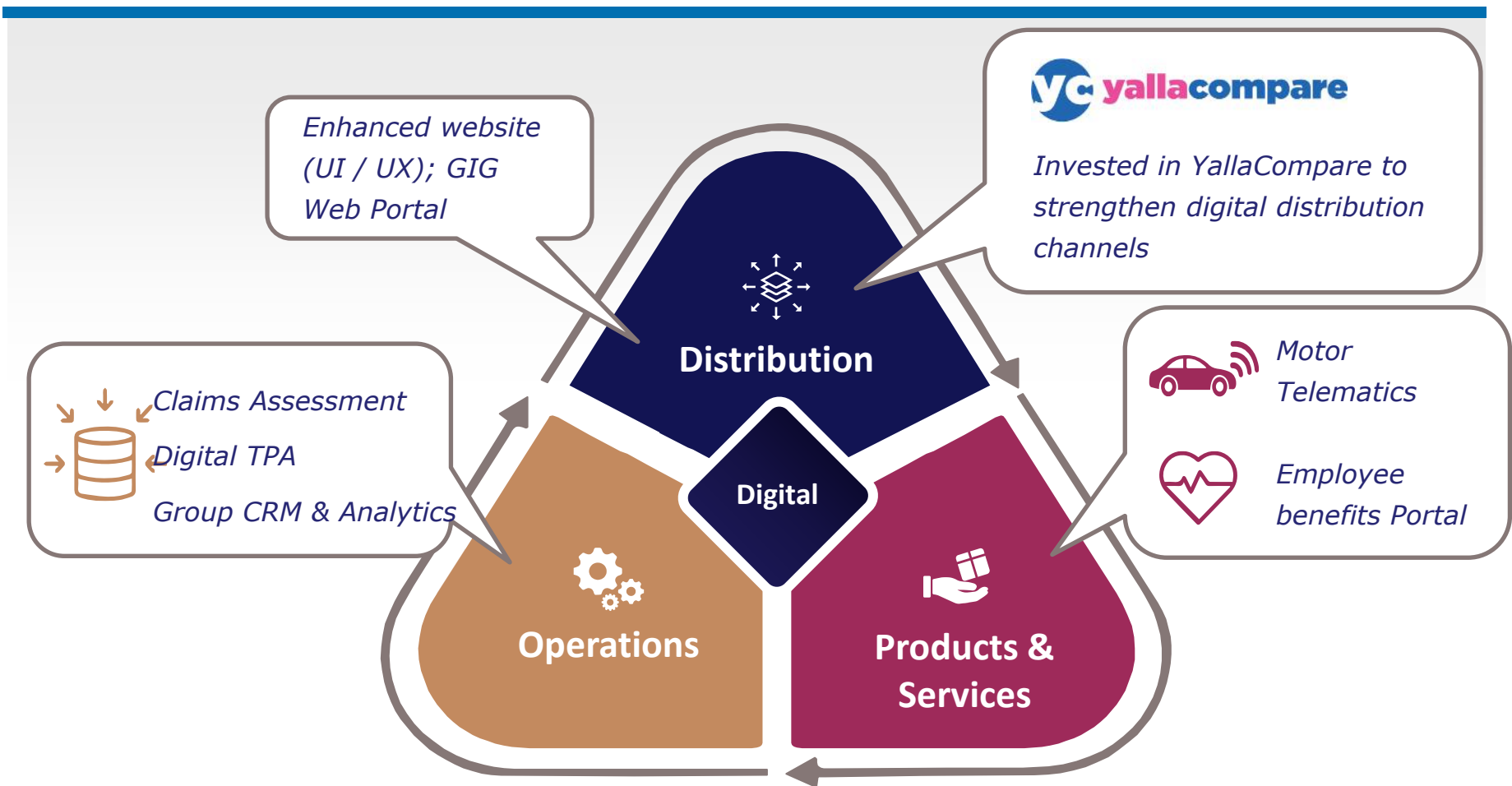
- Fast, easy & convenient
- High level of security
- Accepted anywhere on worldwide contactless POS terminals

Launched its mobile banking app on the **Huawei App Gallery**



## Embarking on digital journey through a seamless omnichannel

# GIG: Investing in digital products & distribution channel



## Key initiatives to strengthen and develop GIG's digital services

# OSN: Streaming App rebranded

**App Store Preview**

**OSN - Streaming App** TV-14  
 Originals, movies, series.  
 OSN (OSN)  
 4.4 ★ 4.4 x 17.1k Ratings  
 Free - Offers In-App Purchases

**Netflix** TV-14  
 Start Watching  
 Netflix, Inc.  
 4.4 in Entertainment  
 4.4 ★ 19.5k Ratings  
 Free - Offers In-App Purchases

**STARZPLAY** TV-14 ستارز بلاي  
 Brilliant TV. Every time.  
 Playco Entertainment FZ LLC  
 Designed for iPad  
 \$19 in Entertainment  
 4.4 ★ 3.1k Ratings  
 Free - Offers In-App Purchases

★★★★★ **4.4**, 17.1k Ratings

★★★★★ **3.9**, 19.5k Ratings

★★★★★ **4.4**, 3.1k Ratings

**8.8** ★

**9.3** ★

**8.3** ★

**8.1** ★

**8.9** ★

**8.5** ★

**7.7** ★

**6.8** ★

**IMDb Ratings**



Thank you





## Annexure 1: Other Portfolio Companies





# United Industries Company (UIC)

## Business highlights

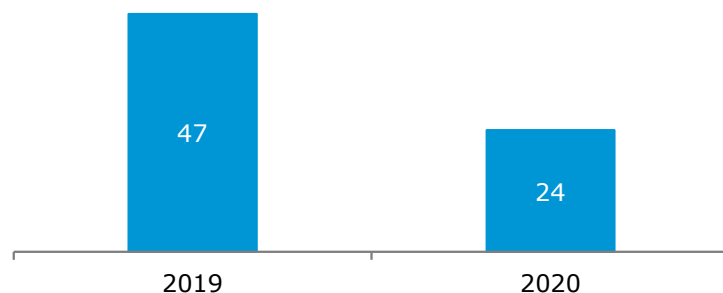
- ▶ Established in 1979, UIC operates as a holding company for the group's industrial investments
- ▶ UIC's mission is to manage a diversified portfolio of investments in the energy, food & basic industries sector

## Key Franchises

Name	Market Position	Effective Stake	Assets <sup>1</sup> USDmn	Revenue USDmn
 <b>Kuwait</b>	Leading private company in petrochemical	31%	2,497	575 <sup>2</sup>
 <b>Kuwait</b>	Leading distributor of healthcare equipments	19%	1072	471 <sup>3</sup>

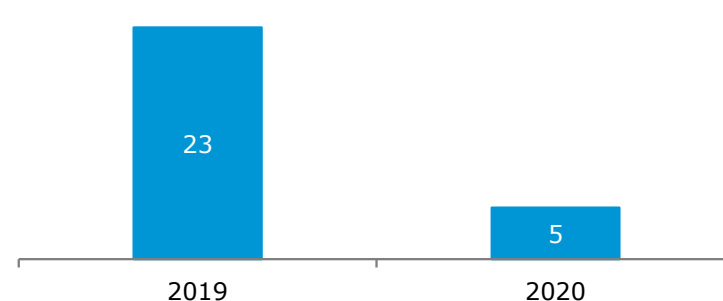
## Income from Associates

USDmn



## Net Profit

USDmn



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

<sup>1</sup> As of 31 December 2020

<sup>2</sup> For the period ended 31 December 2020 (9 months for QPIC)

<sup>3</sup> For the period ended 31 December 2020 (12 months for ATC)

# Jordan Kuwait Bank (JKB)

## Business highlights

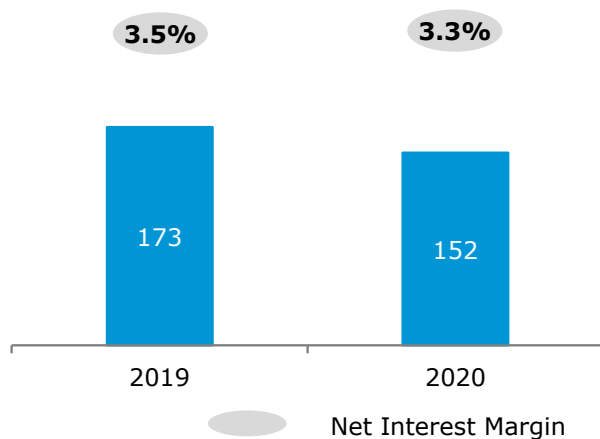
- ▶ Jordan based commercial bank with operations in Jordan, Palestine and Cyprus
- ▶ Listed on Amman Stock Exchange with a market capitalization of USD283mn<sup>1</sup>
- ▶ 5<sup>th</sup> largest conventional bank in Jordan in terms of asset size of USD4.0bn<sup>2</sup>
- ▶ Focus on stable and essential sectors like Energy, Industry and Trade and retail and SME segment through expanded distribution network
- ▶ Capital adequacy ratio of 19.4%<sup>2</sup>

## Operational highlights



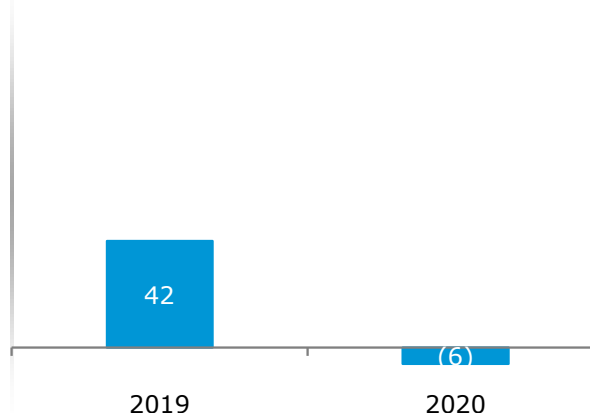
## Operating Income & NIM

USDmn



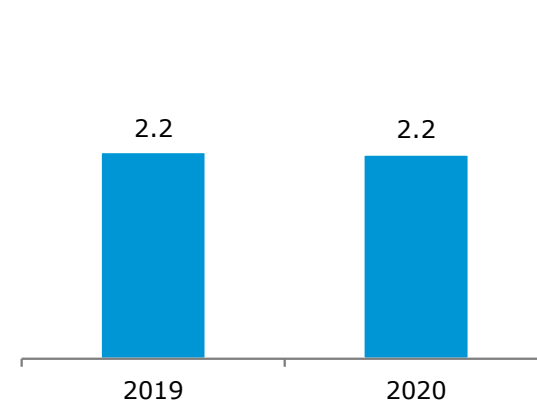
## Net Profit

USDmn



## Loans and Advances

USDbn



Notes: Exchange rate of USD/JOD of 0.7102 as of 31 December 2020 has been used for conversion

<sup>1</sup> As of 15 Apr 2021 <sup>2</sup> As of 31 December 2020 <sup>3</sup> As of 31 December 2019 <sup>4</sup> Source: Central Bank of Jordan



## 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)



## **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



## **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



## **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



## **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



## **Adel Al Waqayan | Treasurer - SVP**

- ▶ Joined KIPCO in 1995, previously with Burgan Bank Treasury
- ▶ MBA in 1986 from USI University



## **Osama Al Ghoussein | SVP - Banking**

- ▶ Joined KIPCO Group in 2013, previously Senior Vice President in Pictet & Cie.
- ▶ Over 35 years of experience in global and regional banking



## **Tawfiq Al Jarrah | ED – Hessah Al Mubarak District**

- ▶ Joined KIPCO in 2016, previously with Kuwait Commercial Markets Complex Company
- ▶ Holds a CPA and BA in business



## **Eman Al Awadhi | Group Communications Director**

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



## **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)	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	2,059
Other investments	2,015	2,124
Other assets (inc. goodwill & intangibles)	21,607	22,705
<b>Total assets</b>	<b>34,296</b>	<b>34,131</b>
Due to Banks & Other FI's	4,700	4,194
Deposits from Customers	17,374	17,016
Debt	6,374	6,521
Other liabilities	2,519	3,457
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>34,296</b>	<b>34,131</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	568
Other expenses and provisions	636	1,115
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)	10.1

*\*restated*





## Annexure 4: About the region

# Macro perspective

## Market resilience despite uncertainties

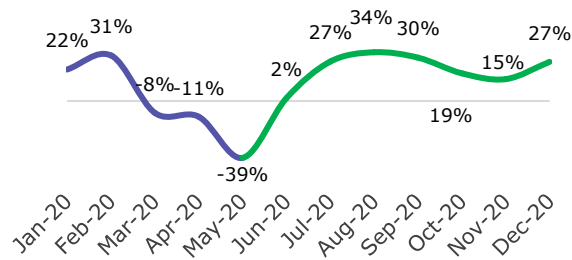
**Ongoing improvement in consumer spending**

**Persistent recovery in crude oil price**

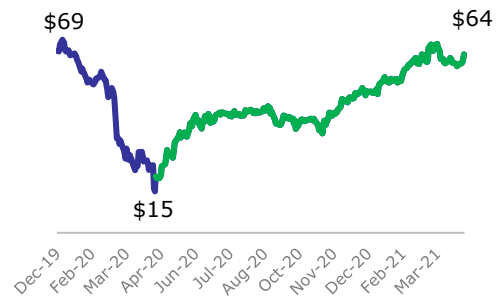
**Easing of virus concerns amid rollout of vaccines leading to positive market sentiment**

### Kuwait Consumer Spending

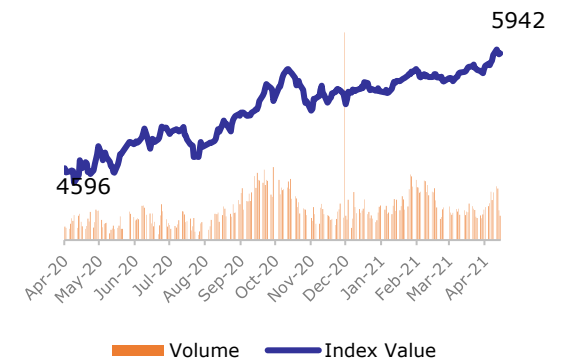
(% y/y)



### Brent Crude









### Boursa Kuwait



Source: Bloomberg; Brent Crude : PGCRDUBA; Boursa Kuwait: KWSEAS

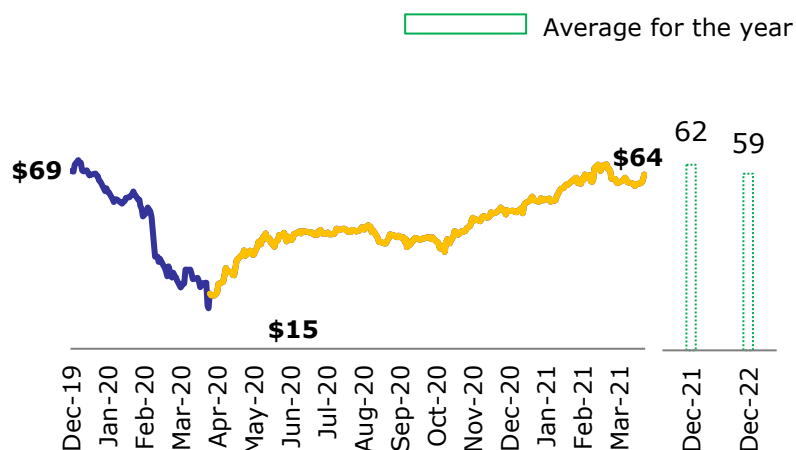
# MENA: Evolving situation as uncertainty persists

## Continuous recovery expected as per IMF forecasts in 2021

Indicators <sup>1</sup>	Real GDP growth (%)	CAB* (USDbn)	Oil prices <sup>3</sup> (USD/bbl)
2020A	(6.4%)	(95.9)	41**
2021P <sup>2</sup>	0.0%	28.4	62
2022P <sup>2</sup>	2.3%	19.4	59
2021P vs 2020E	6.4% 	130% 	51% 
2022P vs 2021P	2.3% 	(32%) 	(5%) 

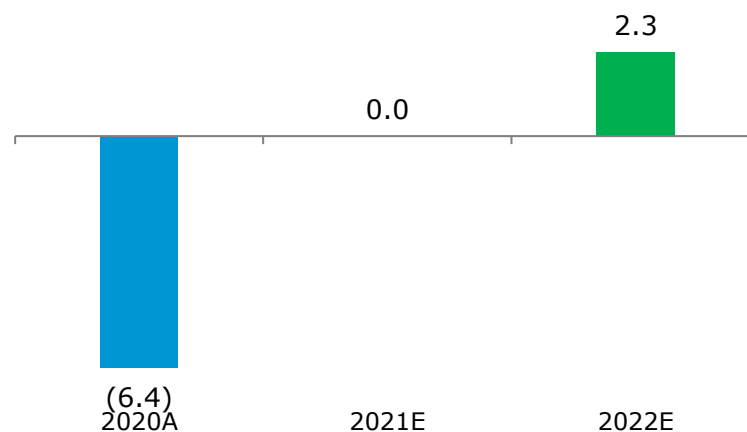
### Crude Oil Price

(In USD/barrel)



### 2021 MENA GDP Growth Forecast

(In Percentage)



Source: Bloomberg

Source: IMF, April 2021

<sup>1</sup> Source: WEP, IMF Forecast 2021 <sup>2</sup> Excluding Lebanon <sup>3</sup> Source: Bloomberg \*CAB:- Current account balance  
 \*\* Average for 2021 from Bloomberg

 Improved Y-o-Y  Weakened Y-o-Y

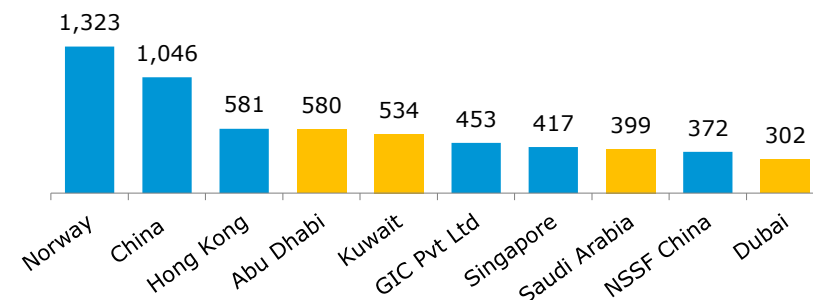
# GCC region: Strong underlying fundamentals

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

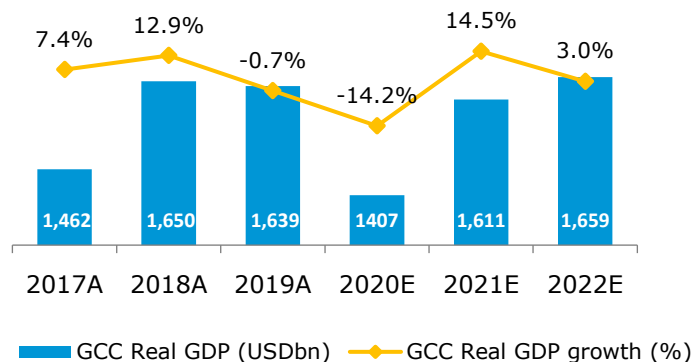
(In USD bn)



*GDP expected to rebound in 2021*

## Real GDP & GDP Growth (2017-22)

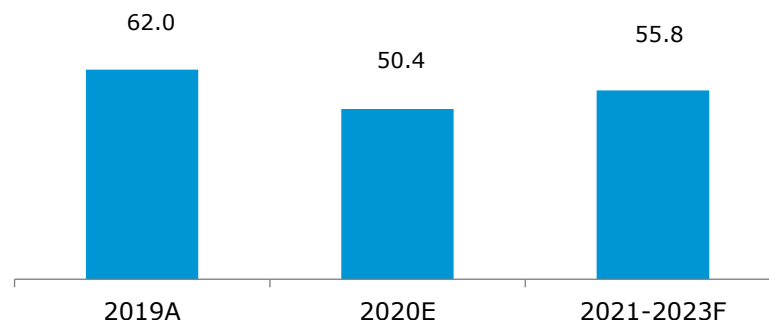
(In USD bn)



*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

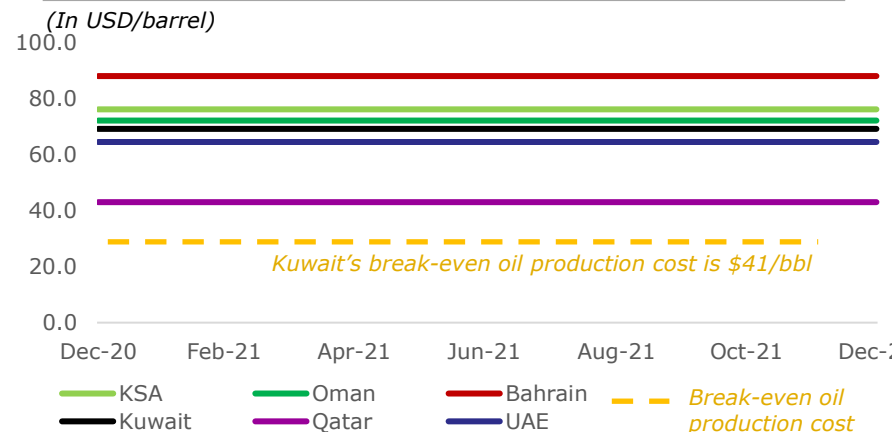
- ▶ Lower oil prices, OPEC+ oil production cuts, and COVID-19 pandemic, will negatively impact Kuwait's account balance
- ▶ Government expected to implement several short-term measures to mitigate current situation
- ▶ Kuwait's net general government asset position amounted to 440% of GDP at the end 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

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

(\*) <https://fred.stlouisfed.org/series/KWTNGDPXORPCHPT>

Kuwait Projects Company (Holding)

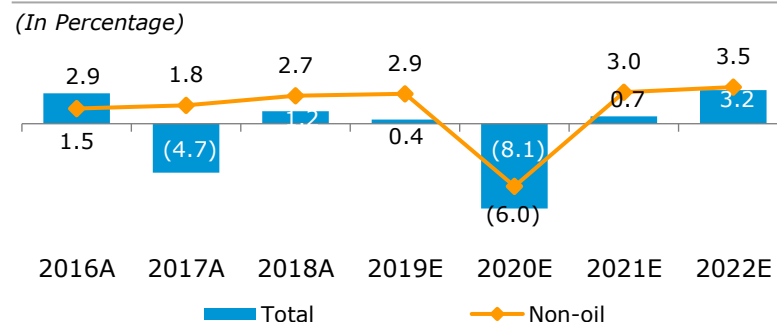
## Fiscal Break-even Oil Price



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 2021 forecast.

## GDP growth rate\*



# Kuwait development plan: Projects in action

## Key Projects under the plan

### New Refinery Project (NRP)

- ▶ New 615,000 bpd refinery by KNPC
- ▶ Underway: : Feasibility study for the project has been completed and awaits final approval from government to tender
- ▶ Cost: **USD12.9bn**

### South Al Mutlaa City

- ▶ 30,000 residential unit, schools and other facilities
- ▶ Underway: Construction completed commissioning delayed and expected to operate from June-2021. Cost: **USD 7.7bn**

### Kuwait Airport Expansion

- ▶ To increase the annual handling capacity of the airport to 20mn passengers
- ▶ Underway: Nearly 40% of the project have been completed. Kuwait CAPT has floated tender for construction and maintenance of parking lots, airport runways and service building. Cost: **USD6.3bn**

### 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

- ▶ Underway: Progress at 97 %. Dredging works have been completed and undertaken while construction works are still progressing. Cost: **USD2.6bn**

### Umm Al Hayman Waste Water (PPP)

- ▶ Initial treatment capacity of 500,000 cubic-m/d. Plant
- ▶ Underway: Construction works commenced and set to be completed by January 2024. Cost: **USD1.5bn**

### 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: **USD0.9bn**

### 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: **USD3.0bn**

### Al-Khairan Power & Desalination Plant (IWPP)

- ▶ Net capacity of a min 1,500MW of power & a min 125 MIGD of desalinated water
- ▶ KAPP shortlisted teams for Transaction Advisory Services contract . P 2 & P 3 are still in the study phase. Cost: **USD1.7bn**

### Al-Dibdibah Solar PP

- ▶ Capacity to produce 1.5 GW solar project
- ▶ Canceled due to Covid Impact. Cost: **USD1.7bn**

### Kuwait Metro (PPP)

- ▶ Feasibility study for the project has been completed and awaits final approval from government to tender. Cost: **USD17.8bn**

### Khairan City

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

### Petrochemical Facility at Al-Zour

- ▶ Plant to be integrated with Al-Zour refinery
- ▶ Planning: : FEED works completed. Qualified companies are yet to be shortlisted for all 3 phases. ITB expected by 4 Q 2021. Cost: **USD6.6bn**

### 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: **USD12.2bn**

### Sheikh Jaber Al-Ahmad Causeway

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

### Other projects

- ▶ **Underway:** Jahra & Sulaibiya Low Cost Housing City. Progress 11% infrastructure work expected to complete by May-2021 Cost: **USD2.0bn**
- ▶ **Awarded:** Oil drilling tower supply contracts. Cost: **USD0.8bn**
- ▶ **Planning:** (1) Olefin III Projects. Cost: **USD6.3bn** (2) Al-Zour North (IWPP) – P4 & P5 under study. Cost: **USD1.7bn**
- ▶ **Planning:** Upgrades to Mina Al Ahmadi Refinery, Cost: **USD0.9bn**
- ▶ **Planning:** Housing Development in Jaber Al-ahmad and Sabah Al-Ahmad, Cost: **USD0.5bn**
- ▶ **On hold:** Kabd municipal solid waste project. Cost: **USD1.0bn**

Project Stage	2020	2019
<b>Underway*</b>	<b>39.0</b>	<b>51.1</b>
<b>Awarded</b>	<b>15.6</b>	<b>14.7</b>
<b>Bidding</b>	<b>1.7</b>	<b>2.4</b>
<b>Planning</b>	<b>47.6</b>	<b>28.8</b>
<b>Completed</b>	<b>15.3</b>	<b>15.1</b>
<b>On-hold</b>	<b>1.0</b>	<b>1.6</b>
<b>Canceled</b>	<b>1.7</b>	<b>1.0</b>
<b>Total (USD bn)</b>	<b>121.9</b>	<b>114.7</b>

Source: KDP report dated Jan 2021; <sup>1</sup>FEED= Front End Engineering Design; \*Includes other small projects worth USD0.7bn not shown on this slide