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

Our ref: KIPCO/DGCEO 28/22 dated April 6, 2022

Capital Market Authority
KUWAIT

السادة / هيئة أسواق المال المحترمين
دولة الكويت

Subject: KIPCO's Analyst/Investor Conference call minutes for FY/2021

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 3:00 PM (local time) on Monday 4/4/2022.

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-2021.

الموضوع: محضر مؤتمر المحللين/المستثمرين لمشاريع الكويت القابضة (كيبكو) عن السنة المالية 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 الثالثة (التوقيت المحلي) من بعد ظهر يوم الأثنين الموافق 2022/4/4.

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 2021.

Sincerely,

وتفضلوا بقبول فائق الاحترام ،،

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

Samer Khanachet
Deputy Chief Executive Officer

سامر خنشت
نائب الرئيس التنفيذي للمجموعة

رأس المال المصرح به: 300 مليون د.ك
Authorized Capital: KD 300 million
رأس المال المصدر والمدفوع: 264 مليون د.ك
Issued and Paid up Capital: KD 264 million

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

Transcript: KIPCO FY 2021 earnings call

Elena Sanchez: Good afternoon, everyone. This is Elena Sanchez and on behalf of EFG Hermes, I welcome you all to the KIPCO's Fourth Quarter 2021 Results Conference Call. It is a pleasure to have with us in the call today Mr. Moustapha Chami (Deputy Group CFO and Group Executive Vice President – Finance & Accounts), Mr. Anuj Rohtagi (Group Senior Vice President, Financial Control) and Ms. Eman Al Awadhi (Group Senior Vice President, Corporate Communications & IR) at KIPCO. I would like to handover the call to Ms. Eman Al Awadhi. Thank you.

Eman Al Awadhi: Thank you, Elena and good afternoon, everyone. On behalf of new management team at KIPCO, we welcome you to our earnings call for the full year ended December 31, 2021. Please note that today's presentation is also available on our website along with the financial statements for the period.

Please refer to page 2 of the presentation which reads 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 a guarantee of future performance, achievements or results.

Please refer to slide 3 for macro-economic updates. The current Russian-Ukraine conflict is expected to slow global growth and raise inflation primarily due to the disruption in Russian energy supply. The region is expected to experience a mixed impact. While the hydrocarbon driven economies will benefit from rising prices, the impact of global inflation and the disruption of the food supply chain will be felt across all countries. The challenge will be double for non-hydrocarbon countries, where slower growth and rising inflation will likely have a negative impact on the

GDP. This is evident, to some extent, in the year-to-date changes in the market data shown on this slide.

Additionally, as the business environment recovers from the impact of COVID, Kuwait shows positive signs of recovery with the majority of the population already vaccinated, while GDP growth is expected to improve, supported by oil price levels. This is expected to be a key driver for 2022.

I will now hand over to Moustapha to provide you with KIPCO's recent updates and financial performance.

Moustapha Chami: Thank you, Eman and good afternoon everyone.

Let us go to slide 5, which shows KIPCO's financial performance, revenue was marginally lower than last year, representing a decrease of 2% in 2021 to reach US$2.351 billion compared to US$2.394 billion in 2020. The year-on-year decrease in revenue is mainly due to higher investment income booked in 2020 from the remeasurement of previously held equity interest in Panther Media Group Limited, as highlighted during our previous quarter earnings call. In addition, the Group also recorded slightly lower interest income from our banking operations at US$1.013 billion in 2021 compared to US$1.086 billion in 2020 and that's due to the reduction in interest rates. The decrease was offset by US$49 million increase in share of results from associates mainly driven by excellent results of GIG.

Operating income before provisions for credit losses and investments increased to US$410 million during 2021 compared to an income of US$380 million during the same period last year. Provisions for credit losses and investments amounted to US$347 million in 2021 compared to US$369 million in 2020.

We have reported a net profit of US$24 million for 2021 compared to US$4 million reported for 2020. This translates into an earnings per share of 0.7 fils per share or

0.2 cents per share for 2021. The loss per share for 2020 was 2.5 fils per share or 0.8 cents per share.

Moving to slide 6 of the presentation, as many of you may be aware, KIPCO has recently announced reaching a preliminary agreement to merge by amalgamation with Qurain Petrochemical Industries Company (QPIC). It will be a completely non-cash transaction. The merger proposition combines the two companies to form a larger investment holding that would rank among the largest in the MENA region. Additionally, combined entity would benefit from a balanced and diversified portfolio of assets that includes petrochemical and oil services, banking, foodstuff, insurance and others, creating a more stable income stream.

The merger is subject to a detailed process as per Kuwaiti laws and regulations. This includes due diligence, valuation of both entities and fairness opinion by licensed independent advisor, in addition to regulatory approvals and the approval of shareholders in the Extraordinary General Assembly.

We will continue to provide you updates on the transaction as it progresses.

We can now go to slide 7, that covers Burgan Bank's results. We would like to direct you all to Burgan Bank's 2021 earnings call transcript and presentation which can be found on Burgan Bank's official website for more details. The investor call was held on 10th February 2022. In our presentation today, we will be covering key performance highlights of the bank.

Loan book slightly decreased in 2021 by US$219 million and stood at US$14.1 billion in comparison with FY 2020. The decline in Turkey loan book by 18% or US$442 million mainly due to currency devaluation was offset by increase in Algeria and Kuwait loan book (by US$70 million and US$167 million respectively).

Deposits grew by 2% in 2021 or US$233 million vs. FY 2020 to reach US$13.8 billion. The increase in deposit base was driven by Algeria which increased by 13% (which is US$203 million) and in Kuwait by US$111 million.

We would like to once again remind you that Bank of Baghdad remained classified as asset held for sale as at 31st December 2021.

Operating income for 2021 was US$776 million, higher by US$73 million compared to 2020. This increase is attributable to higher non-interest income of US$112 million driven by higher fee and commission income and security gains. Net interest margin for 2021 decreased year on year to 2.1% vs 2.3% in 2020 mainly due to the impact of interest rate cuts that were implemented in Q1'20 and interest rate volatility in Turkish economy.

Provisions charged to income statement increased to US$280 million in 2021 as against US$255 million in 2020 mainly driven by Kuwait operations.

As a result of the above-mentioned key movements, Burgan Bank Group posted a net income of US$150 million in 2021 vs US$111 million in 2020, an increase of around 35%.

Non-performing assets ratio, decreased to 1.6% as of 31 December 2021 as against 3.5% on December 2020, largely due to write-offs where the bank utilized excess provision buffers. The bank reported CET1 Ratio of 11.4% and CAR of 17.5% as of 31 December 2021. This is against minimum required ratios of 8.0% and 11.5% respectively.

Moving on to slide 8, regional loan book declined by US$ 371 million in 2021. The reduction in regional loan book was driven by currency depreciation in Turkey as stated earlier slightly offset by growth in Algeria operations. Deposits increased by US$ 121 million in 2021 vs. as at FYE 2020 mainly contributed by Algeria (increased by US$203 million). Overall, the share of our regional loan book and customer deposit was 24% and 28% of total Burgan Bank loan book and customer deposits, respectively. Net profit from regional operations is higher in 2021 by US$25 million vs FYE 2020 primarily due to lower provisioning in Burgan Bank Turkey.

In December 2021, Burgan Bank successfully completed its rights issue which was oversubscribed by 2.25 times. This will lay the foundation for desired growth in Kuwait and increased investments in digitizing the bank's operations.

Now, I will hand over to Anuj to present GIG and other group companies' 2021 performance.

Anuj Rohtagi: Thank you, Moustapha and good afternoon everyone.

We can now go to slide 9 of the presentation which summarizes Gulf Insurance Group's performance. GIG continued its strong performance for the twelve months ended 31st December 2021. In addition to its standalone performance, GIG completed the acquisition of AXA's operations in the Gulf region on 6 September 2021, following which AXA's results were consolidated within GIG's financials.

The Group reported gross premiums of US$1.8 billion in FY 2021, registering a healthy growth of 23% over US$1.5 billion reported last year. The increase was driven by positive contribution from all business lines, with notable increase in medical and motor business.

On the bottom left chart, you can see that the combined ratio stands at 94% in line with the corresponding period last year. If you look at the top right-hand side chart, net investment income for FY 2021 increased by 89% to US$ 80 million from US$ 42 million last year. This was driven by improved returns on investment portfolio and increased investment book volume, which was supported by the acquisition of AXA's operations.

On 6 September 2021, AXA Gulf had also acquired additional 18% equity interest in AXA Cooperative Insurance Company (a Saudi Joint Stock Company - AXA KSA).

Upon this acquisition of 18% stake and obtaining control, GIG through AXA Gulf has fair valued its previously held interest in AXA KSA which resulted in a one-time remeasurement gain amounting US$ 85.5 million that has been recorded in the consolidated statement of income for the year 2021.

As a result of underlying revenue growth, combination of acquired business of AXA Gulf and a one-time gain on remeasurement of AXA KSA stake, GIG reported a net profit of US$ 166 million for FY 2021, a 207% growth over a profit of US$ 54 million in FY 2020.

Coming to slide 10, United Gulf Holding reported an improvement over last year's performance. Revenue for FY 2021 was US$182 million, reflecting a 31% increase from US$139 million in FY 2020. This is largely on account of recovery in investment income as the markets improved post the negative impact of COVID on them in previous year. In addition, there was increase in share of results from associates to US$26 million in FY 2021 from US$9 million in FY 2020. Investment income increased from US$2 million in FY 2020 to US$34 million in FY 2021.

In line with improved market conditions, provisions for credit losses declined from US$42 million during FY 2020 to US$3mn in FY 2021.

Overall, UGH net loss declined to US$8 million in FY 2021 as compared to a loss of US$70 million in FY 2020. The decrease in loss is a combination of higher revenue and lower provisions.

We can now move to slide 11 that shows URC's results. Operating income for the company increased to US$19 million in 2021 from a loss of US$11 million last year. URC also reported a reduction in net loss during the year to US$16 million from US$54 million in 2020. The improvement in operating performance resonates with the improving market conditions during the year, post COVID restrictions.

Recently, on 20 March 2022, URC announced reaching a preliminary merger agreement between Al Dhiyafa Holding Company (DHC) and United Towers Holding

Company (UTHC) through a signed Memorandum of Understanding (MoU), in which URC is the merging entity while both companies become the merged entities.

The merger is expected to enhance URC's portfolio of income-generating assets, creates an added value, and strengthens shareholders' base

Moving to slide 12 on OSN. As part of OSN's efforts to capture the growth potential in the MENA regions' subscriber video on demand market, it continued its efforts towards strengthening the streaming platform led by new team in place. OSN has recently rebranded its streaming product as OSN+. The rebranding is coupled with newer content and new user interface of OSN+ to attract target audience in the segment and retain its growing customer base. OSN+ is the home for both premium international entertainment as well as world-class Arabic original content. Recently OSN extended its long-term exclusive partnership with HBO and strengthened NBCU relationship to include more premium content from Peacock and Sky Studios. New deals signed for premium series from Endeavour Content and All3Media. OSN is further strengthening the OSN Originals proposition with launch of star-studded local adaptation of hit series Suits in Q2, OSN Original film Yellow Bus in Q4 and more series and movies lined up for the year. On technology front, it continues to improve user interface and user experience of its app with many new features added like season/ episode navigation, improved recommendation engine, profile selection and management including improved look and feel.

Moving on to slide 13. As QPIC has March ending financial year, we have shown results for the nine-month period ended 31 December 2021, where QPIC reported a net profit of US$17 million during the period, compared to a profit of US$25 million for the same period last year. This 34% decrease in the net profit is primarily attributable to lower share in income from SADAFCO, its food and dairy subsidiary (despite positive sales movement during third quarter 2021), and lower share of income from JTC – Jassim Transport & Stevedoring. Reduction in income from JTC was due to lower margins during the period under review even though there was marginal improvement in sales revenue. The decrease was marginally offset by increase in profit from associates following consolidation of QPIC's new investment, that is Advanced Technology Company, from September 2021 onwards.

Jordan Kuwait Bank reported a marginal improvement in operating performance, with 3% year on year growth in operating income in FY 2021. The loan book grew by 8% to US$2.4 billion, while the deposits increased by 3% to US$2.7 billion as on 31st December 2021. Further, the bank reported a net profit of US$11 million in FY 2021 as compared to a net loss of US$6 million in FY 2020 due to reduction in total provisions to US$46 million in FY 2021 from US$76 million in FY 2020. JKB reported a strong capital adequacy ratio of 18.9% as on 31st December 2021.

With this, we have reached the end of today's presentation.

We now hand over to Elena to invite our listeners to raise any questions they may have.

Elena Sanchez: We have our first question from Zafar Nazim. Please go ahead.

Zafar Nazim: I have couple of questions. If you can tell us what cash balance at end of the year was at the holding company level. And also, if you can provide us the bridge from opening cash at end of Q3 2021, because at the end of Q3 I believe you had US$477 million. As there has been few transactions in the fourth quarter, like your rights offering, your investment in Burgan and so on.

Anuj Rohtagi: Thank you Zafar. As of 31 December 2021, reported cash balance was US$409 million. Your second question is with regards to understanding the movement between September 2021 balance of US$477 million and US$409 million in December 2021. As you know, we had completed our rights issue in Q4 2021 that raised around US$260 million. We had provided you guidance with regards to investment in our subsidiaries previously, and when it came to Q4, we went ahead and utilized investment in our subsidiaries particularly OSN and Burgan Bank. The investment in Burgan Bank has proven to be a good one considering the movement in market price. As you are looking for high level break down, investment in OSN were around US$90 million, investment in Burgan Bank was around US$120 million; there was a loan repayment of ~US$80 million and then we had our regular interest and general administrative expenses of ~US$40 million. If you combine all these, you will reach a number of around US$410 million, which we have mentioned.

Zafar Nazim: Can you provide us some indication on what investments you are thinking for current year into OSN and any details on what amount will go into it?

Anuj Rohtagi: We are going to have our AGM in later part of this month. We would prefer to give any further guidance after that.

Zafar Nazim: Can you give us some details about URC merger with Al Dhiyafa and United Towers? What is the benefit of going through this transaction?

Moustapha Chami: Thank you Zafar. URC announced a plan to start discussing and exploring the merger with United Towers as well as Al Dhiyafa. Both of them have income yielding assets from commercial tower to hotels as well. The main objective of such transaction is to simplify the structure by elimination of underlying entities or the entities in between, reducing the redundant cost, upstreaming the income and creating a new income stream. Those are the main objectives for such transactions.

Zafar Nazim: Does it result in increasing dividend inflow for KIPCO from URC?

Anuj Rohtagi: Zafar, this transaction strengthens the capital structure of URC. As you know, URC is focusing on enhancing the performance of its operating properties, as well as strengthening its balance sheet. It has significant amount of assets which are non-operating at this stage so it will be looking at the options how it can monetize them in the coming period. That is the broad outlook for URC's strategy. So, this transaction helps them to get to the right capital structure which I think in medium and long term should give them more visibility to give dividends to shareholders.

Zafar Nazim: Regarding your forthcoming debt maturity in 2023, ~US$830 million dollars of debt is falling due. Given your starting cash balance and your estimated cash projections, is it fair to say that by the end of the year, your cash balance will likely be less than US$400 million? So, if you can just walk us through what your plans are with respect to meeting those debt maturities?

Anuj Rohtagi: We always look at several options to cover our short-term debt. Now we are evaluating those options and we are quite confident that as we get closer to those maturities, they will be fully covered. We would not like to comment on any view with regards to year-end cash balance so early in the year. We do have several options as I said, and we would not like to pinpoint to one particular option as these include the tools that are always available with us such as a portion of investments that we can always monetize because of the quality of the assets that we have. Definitely, we have existing cash balance, and we have a very good track record of reaching out in several markets, be it international market or within our local markets. So, we'll be exploring all these options and we'll keep you further updated as we progress on these.

Elena Sanchez: Our next question is from Rakesh Tripathi. Please go ahead.

Rakesh Tripathi: Thank you for the presentation. One of the questions I had, I think you've iterated this earlier that you would not prefer to share guidance on potential cash flows at the parent level as of now. So, we should expect more clarity on that at the end of Q1, perhaps?

Anuj Rohtagi: Correct. We would like to get the Annual General Meeting behind us and then take the guidance from the Shafafiyah Investor Forum. That is typically our starting point of giving any new guidance for the year.

Rakesh Tripathi: On the planned merger with QPIC, a couple of questions I had. This is still at a very initial stage, but what are your expectations – 1) Regarding the potential timelines, what sort of timing do you see for this transaction? Do you see it completing in Q3 or Q4 of this year or do you think it might extend beyond that? 2) In relation to the same announced merger, have you had any discussion with the credit rating agencies as to how they look at it? My understanding would be that this perhaps would be a beneficial move as far as your credit profile is concerned. Correct me if I'm wrong but my understanding is that QPIC itself carries relatively small net debt, so the merger would not necessarily add to the debt level at KIPCO, the surviving entity post the transaction. So, assuming the transaction goes through, that should support your credit profile, but have you had any discussions with S&P or Moody's around this?

Moustapha Chami: I'll start with the first question. We are today in the first stage of the merger transaction, where we've signed as KIPCO and QPIC a memorandum of understanding to start the merger process and the merger due diligence. Now the next step is having two valuations for both companies and fairness of opinion that will help us determine the swap ratio along with the merger contract to get the regulatory approvals. Regulatory approvals in terms of CMA and MOCI, those are the major authorities to approve the merger; and then later on we have to get the approvals of the shareholders through the EGM. So that is in principle the process. As you know, we will be updating you for each particular milestone. Today, each milestone has an expected timeline, however, given the required approvals from the regulators, we will be happy to give you the guidance once we progress in this particular project. Regarding the second question, as you know we are in continuous talks with our rating agencies who have already published two press statements post the merger announcement. They have mentioned what could be the implication of such merger, on the combined entity. Anuj do you have anything more to add here?

Anuj Rohtagi: I think that is the best we can state as of now. Our job as management team is to provide information to rating agencies and we leave it to them to make their view. With regard to this transaction itself, it is going through a regulatory process, so we will not comment on any further details.

Rakesh Tripathi: Perhaps a couple more things. Just a little bit, if you could talk about the financial performance at OSN. How is the entity doing amidst all the operational improvements that are happening? What are your expectations and with this big transaction taking place with QPIC at the parent level, would it be right to think that perhaps any strategic investment by a partner would take a back seat for now or how do you look at this whole thing?

Anuj Rohtagi: With OSN, the focus is clearly on the streaming segment. So, earlier we used to operate OSN as a combined business, now there is a segregation of focus areas and as we all know, consumers increasingly prefer streaming product as a mode of consuming media and that has been identified by the new management team as a key segment and Nicholas Forward is heading that vertical. The other segment, which is the legacy segment, we still see a lot of traction in that business, but as we all know it is a matter of time that transitions will take place although we still believe that in the medium term, we will continue to generate revenue from the legacy business, which is direct to home through satellites as well as through cable. So, that market still remains for us, and we will continue to focus on that too. At the same time, when it comes to the contracts with the studios – they continue to see us as a preferred partners to distribute their premium content through our platform. So, that is the operational advantage of us being in the region for so many years, knowing our customer base and what content works in the region. That is on the operational side. With regards to the strategic options, the transaction that we have announced will not have any direct impact. The overall media distribution industry has gone through a lot of changes globally and we see the region is trending towards that too. So, we will continue to see several announcements across the industry and OSN. We believe is well positioned to take advantage of any kind of consolidation or strategic partnerships that will happen in this space. So, we are keeping all our options open, and we continue to be engaged with interested parties, that have approached us or vice-a-versa and that process will continue.

Rakesh Tripathi: That is very helpful. The last thing I had is on ESG a little bit if you could talk about, where you are in terms of the ESG progress? And also, in context of the merger, how that could impact the overall ESG profile. And the overall ESG strategy, keeping the merger aside, if you could talk about the progress and what's happening within the company in terms of ESG?

Eman Al Awadhi: ESG is something that we have seriously started to look at. Our Group companies have already taken certain steps to implement frameworks. Burgan Bank has just worked on their ESG financing or sustainable financing framework. Gulf Insurance already has its ESG framework in place and they have appointed a committee and have started doing their work in that area. We, ourselves, are beginning our work in that area, we are a little bit behind I must say, but we understand the importance of this, and we are working very hard to make it happen.

Anuj Rohtagi: Thanks, Eman. Just to add to that we are a holding company and our ESG framework is driven a lot by our operating companies. Burgan Bank has taken a lead on that front, and they have already come up with a sustainable financing framework, which is available on their website. Gulf Insurance Group is also looking into this area and they are targeting 2022 to complete their framework. I think similar steps will be taken across all our operating companies, that will provide us a framework at the holding company, and that is what Eman was referring to.

Rakesh Tripathi: I believe in that context, and this is just a suggestion from my end. With things happening at the operating company level, it would definitely be helpful if you could also start coming out with annual disclosures at the holding company level, with if not a framework right now, at least you could talk about the direction that's been taken, the progress that is happening at the operating companies, which gives a better sense to the investors as well as to what is going on and helps us track your progress as well periodically.

Anuj Rohtagi: It is a very good input, Rakesh, and we will definitely take it into account. Thank you.

Elena Sanchez: Our next question is from Divya Poojary through chat.

Divya Poojary: Please share details about holding company level short- and long-term debt and LTV ratio.

Anuj Rohtagi: With regard to short- and long-term debt, we are evaluating multiple options and we will be progressing those during the year. And we are confident that much before the end of the year 2022, we will have full coverage of upcoming maturities. LTV ratio for year-end 2021, using the methodologies shared by rating agencies is ~52%.

Divya Poojary: Do you currently have any strategy in progress to protect KIPCO's ratings?

Anuj Rohtagi: We are in continuous discussions with the rating agencies regarding developments in the company. We refer you to their latest press releases, which show their views on latest announcements at KIPCO. It is the strength of KIPCO Group that we have strong underlying assets with ability to optimize the balance sheet composition at HoldCo level. This is also evident from the latest proposed transaction. At this stage, we are going through the transaction, hence we would like to refrain from commenting on any further details.

Zafar Nazim: I have a question on OSN. You mentioned in the fourth quarter, you have invested US$90 million in the company. That seems like a pretty big jump from the run-rate earlier in the year. I was wondering if you can provide a direction about how to analyze this number as it's a pretty large number.

Anuj Rohtagi: OSN management are involved in continuous discussion with their content providers. As per strategy, OSN is currently focusing on their streaming segment, and we wanted to strengthen our content portfolio for the future. We found an opportunity in Q4 to accelerate some of the content deals and align with the business transformation which is underway. So, this investment was aligned to that initiative.

Elena Sanchez: We have no further questions at this time, so I will hand over the call to KIPCO's executive team for any concluding remark.

Eman Al Awadhi: On behalf of the KIPCO team, I thank you for joining the call and have a good day.

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Investor Presentation | April 2022

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Note: Exchange rate of USD/KD of 0.30250 has been used in the presentation for financial numbers

Impact of Russia Ukraine war on region

- Elevated global inflation

- Disruption in food supply from the two countries

- Mixed impact on the region:

  - Hydrocarbon driven economies to benefit from increase in oil and gas prices that will offset inflation to some extent

  - Non hydrocarbon economies will have dual challenge of low growth and high inflation that will also put pressure on some currencies

- Key market data – year to date change:

  - Brent oil c.34%
  - Equity markets
    - Kuwait, KSA, UAE, Qatar & Bahrain c.16%
    - Egypt c. (6%)
  - 10-year UST c. 67bps

Post covid situation in Kuwait

~7.8 million or **92.1%** of eligible population in Kuwait is fully vaccinated and majority of pandemic related restrictions have been removed

Increased production coupled with **surge in oil prices** boosted the oil revenues

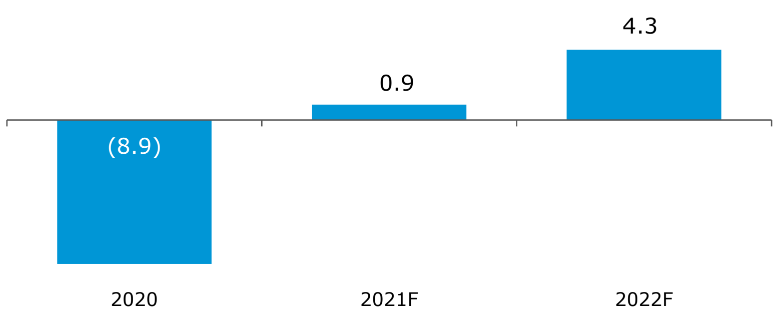
One of the highest rated sovereigns

AA-/A1/A+ (Fitch/Moody's/S&P)

Supported by low **fiscal break-even oil price** (US$56 per barrel)

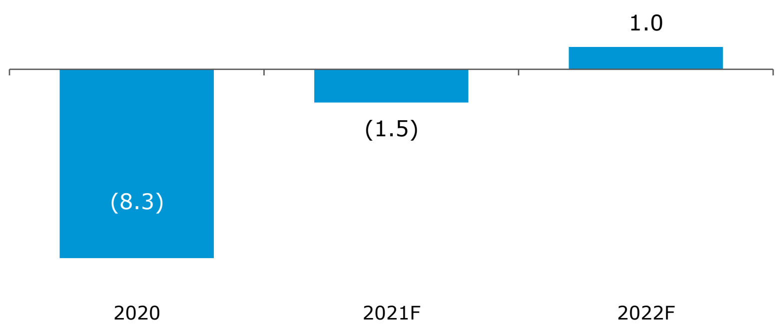
Robust GDP growth rate

(In Percentage)



Narrowing fiscal deficit

(% of GDP)

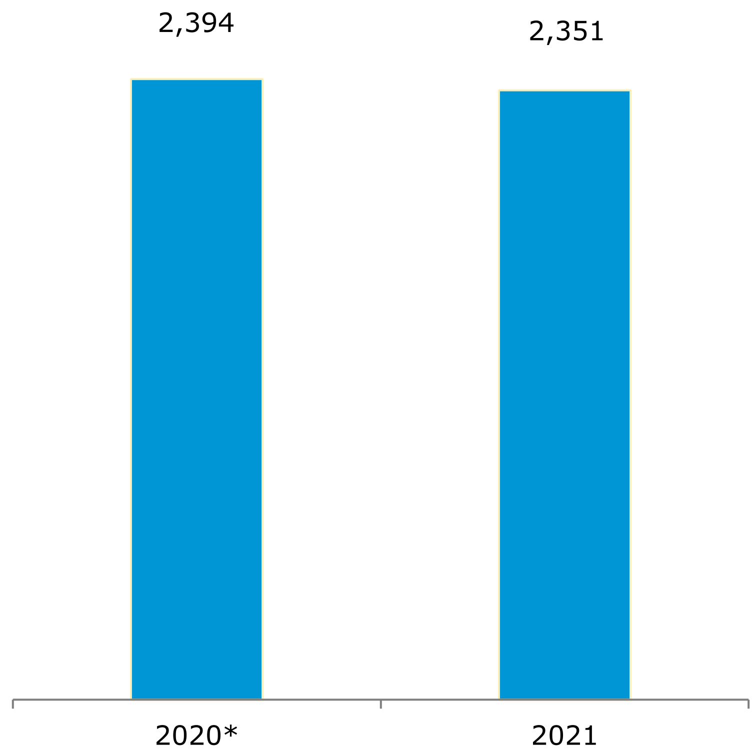


Source: IMF-WEO Database, October 2021, Rating agencies, OPEC

KIPCO consolidated financial performance

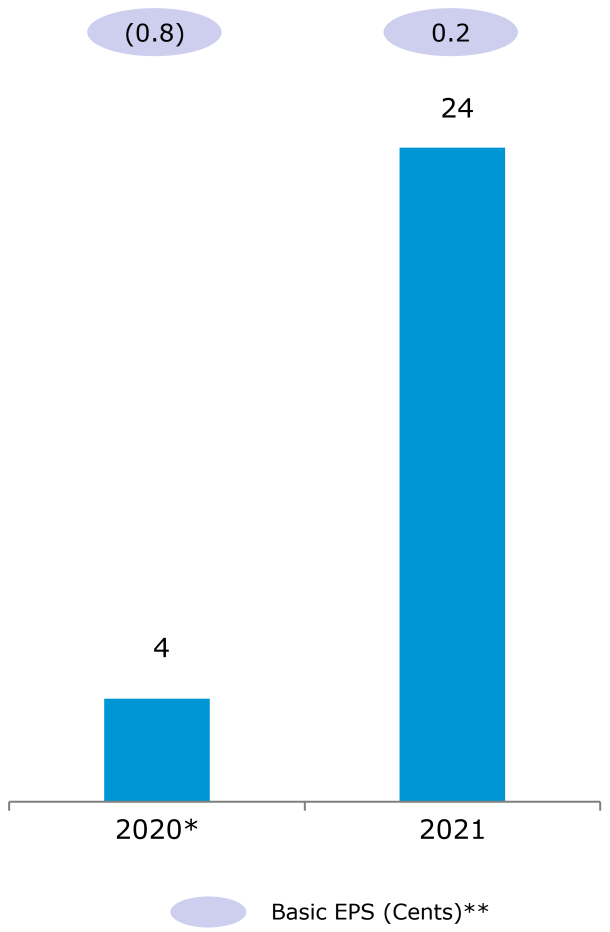
Revenue

USDmn



Net Profit/ (loss)

USDmn



* Restated numbers. For details please refer to note 3 and 25 of KIPCO's FY2021 financial statements
** after interest payment on perpetual capital securities

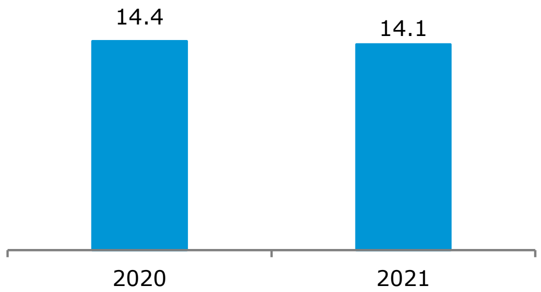
Kipco Group key recent update

- On March 14, 2022, KIPCO announced reaching a preliminary agreement to merge by amalgamation with Qurain Petrochemical Industries Company (QPIC)
- The two companies signed a Memorandum of Understanding (MoU) whereby they agreed to assess the merger proposition
- As per the MoU agreement, KIPCO shall be the merging entity and QPIC shall be the merged entity
- On completion of merger, QPIC shareholders will receive KIPCO shares. It will be a non-cash transaction for KIPCO
- The merger is subject to a detailed process as per Kuwaiti laws and regulations. This includes due diligence, valuation of both entities and fairness opinion by licensed independent advisors, in addition to regulatory approvals and the approval of shareholders in the Extraordinary General Assembly of both parties

Burgan Bank Group (BBG)

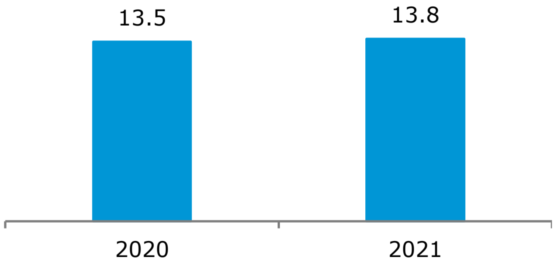
Loans

USDbn

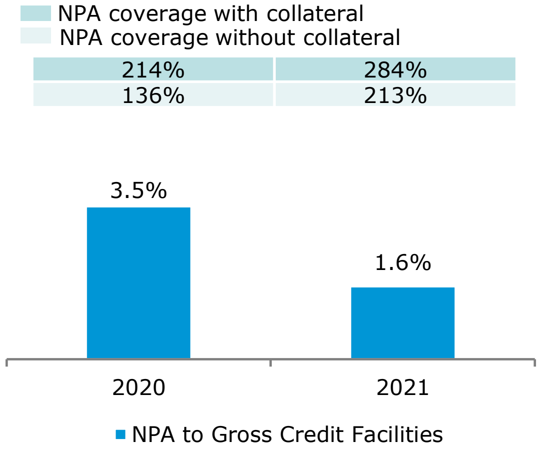


Deposits

USDbn



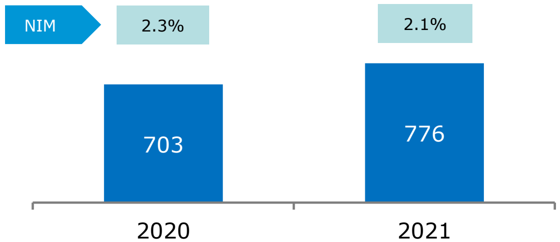
Asset Quality



Operating Income

USDmn

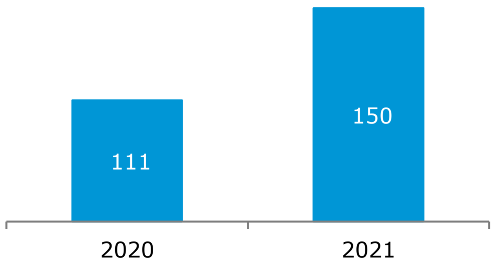
	2020	2021
Kuwait	408	508
International	295	268



Net Profit & Provision

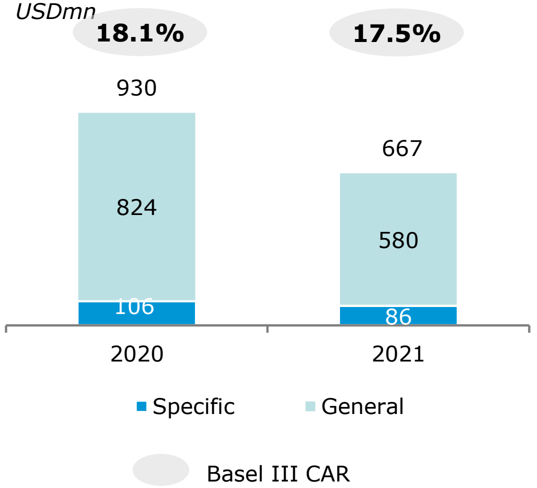
USDmn

	2020	2021
Provisions	255	280



Total Provision & CAR

USDmn

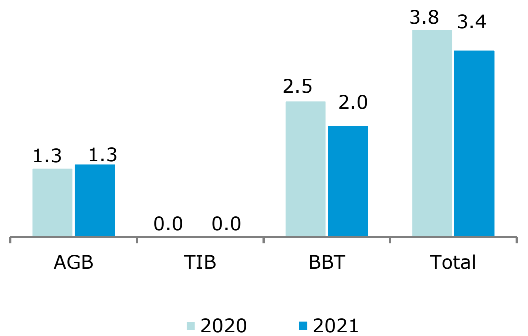


Note: During 2021, BoB is classified as "Asset held for sale".

BBG: Regional operations

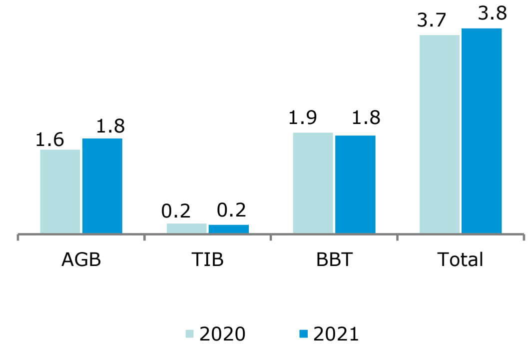
Loans^

USDbn



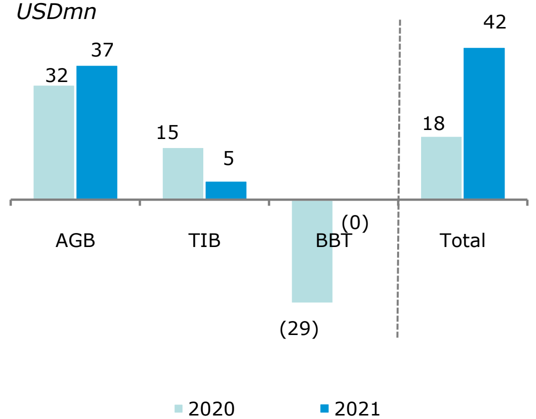
Deposits^

USDbn



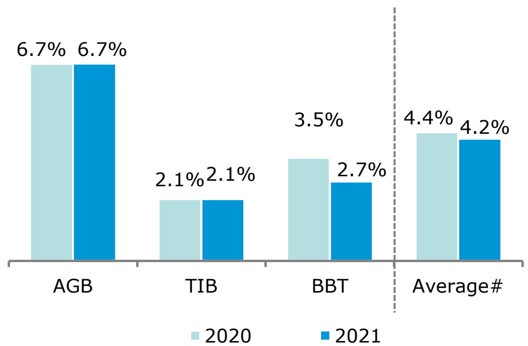
Net Profit/ (loss)

USDmn



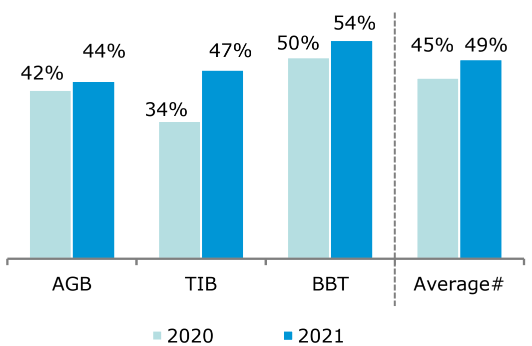
Net Interest Margin

Percentage



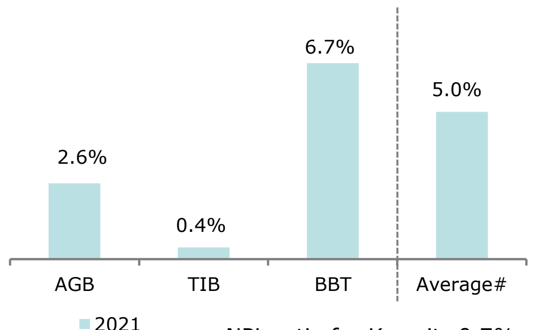
Cost to Income

Percentage



Non-Performing Loans*

Percentage

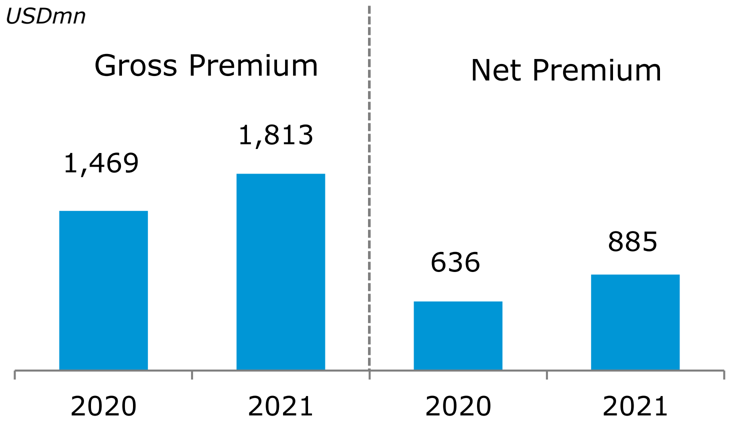


NPL ratio for Kuwait: 0.7%

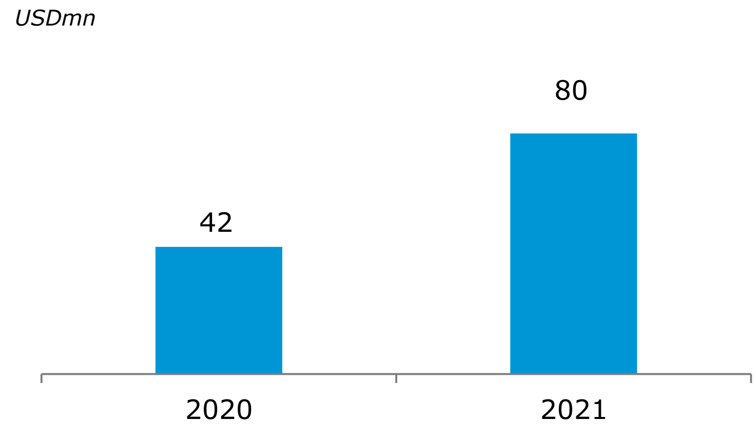
 # Represents weighted average figures using the denominator of respective ratio as weights
^ BoB is classified as asset for sale, hence excluded from the results
**NPL ratio is as per CBK computation*

Gulf Insurance Group (GIG)

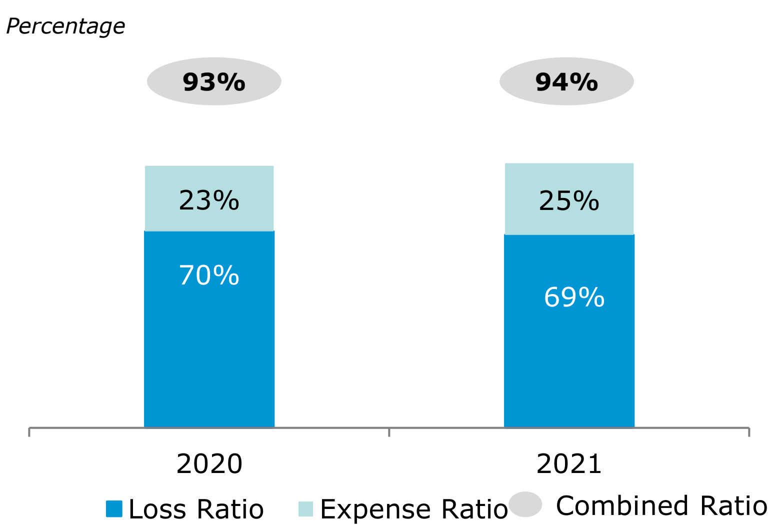
Gross and Net Premium written



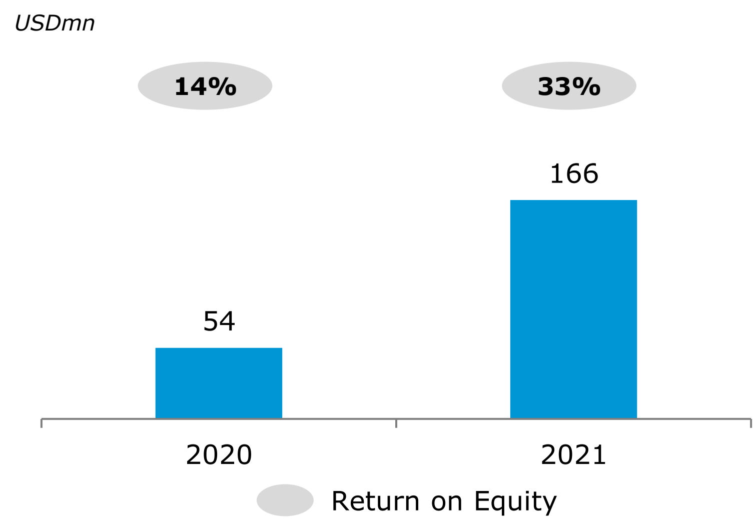
Net Investment Income



Combined Ratio



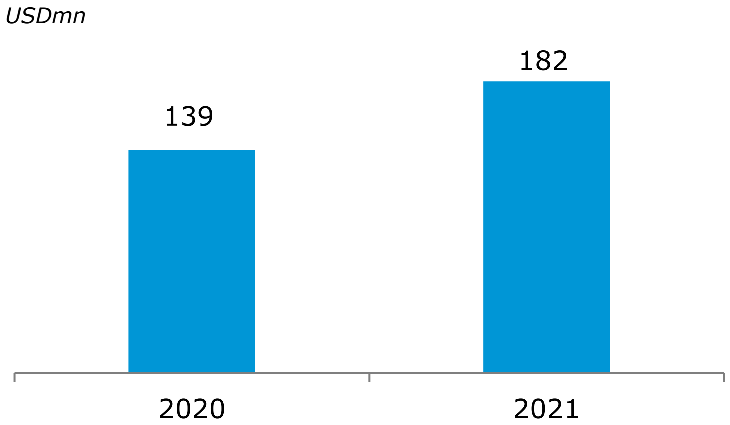
Net Profit & ROE



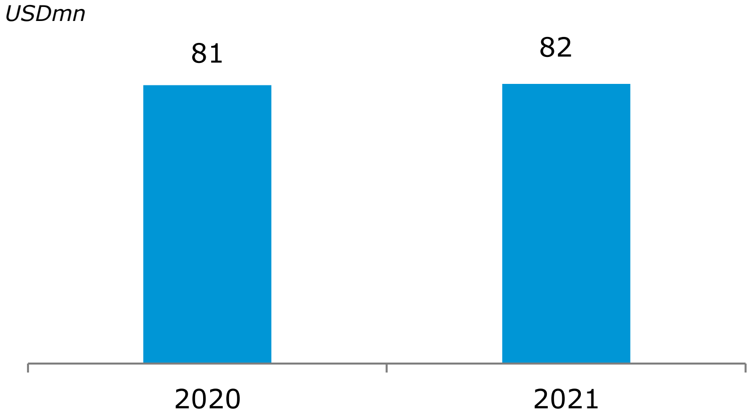
Note: GIG completed acquisition of AXA Gulf on 06 September 2021, post which its results are consolidated in GIG's financials

United Gulf Holding Company (UGH)

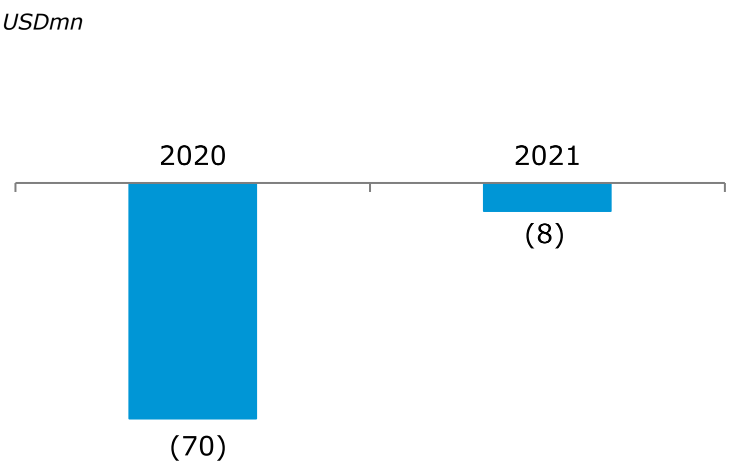
Revenue



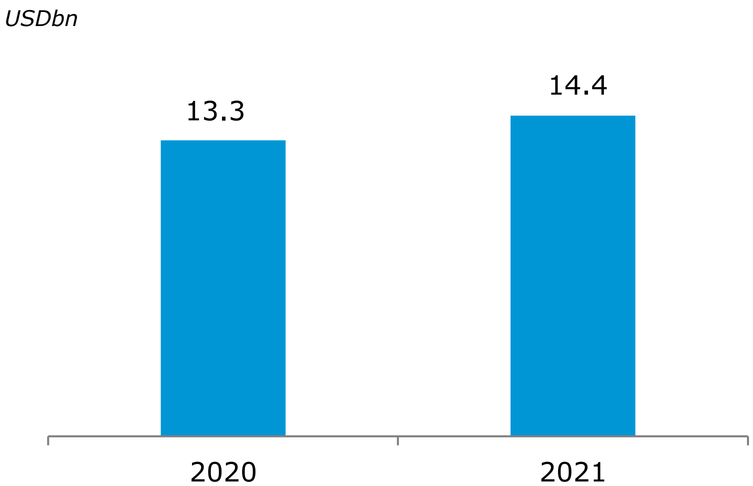
Fee & Commission Income



Net Profit

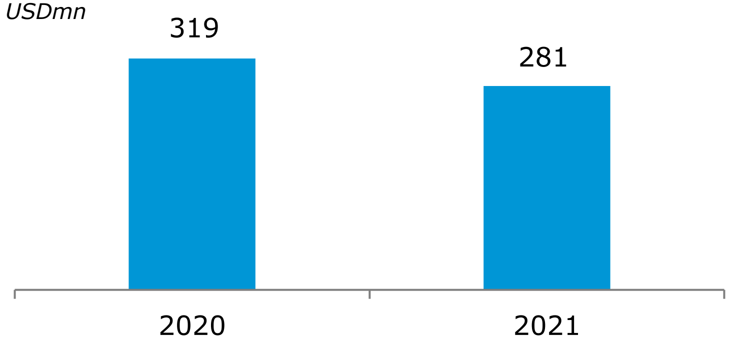


AuM

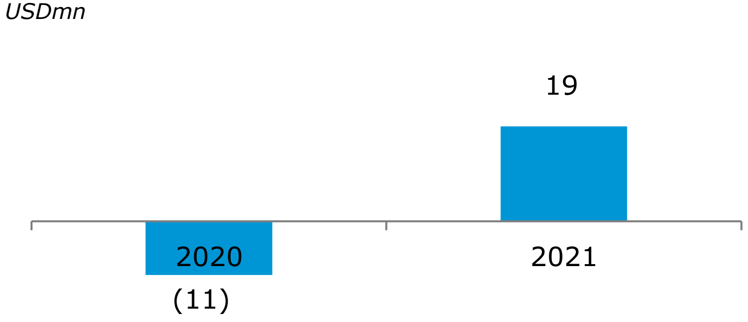


United Real Estate (URC)

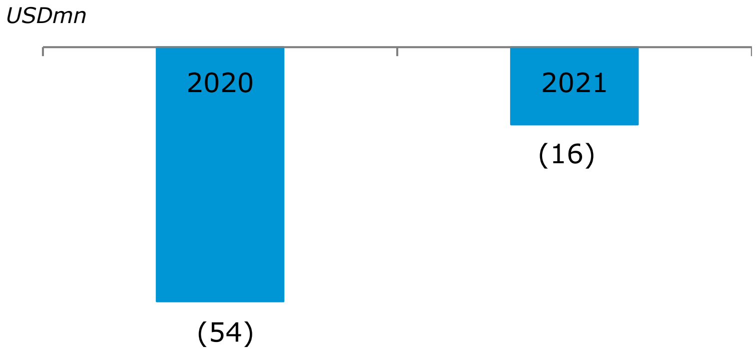
Total Revenue



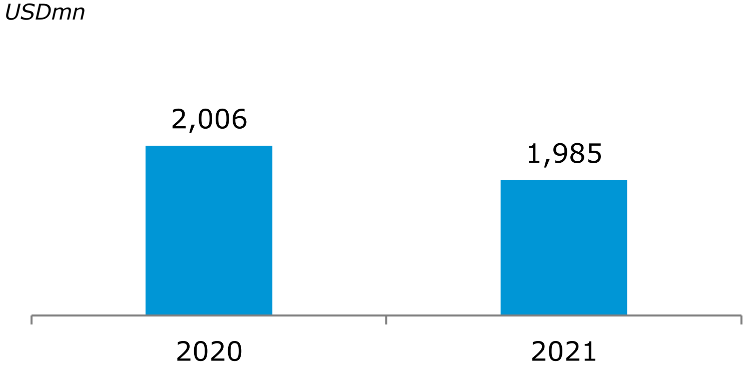
Operating Profit



Net Profit



Total Assets



Recent Update:

- On 20 March 2022, URC announced reaching a preliminary merger agreement between Al Dhiyafa Holding Company (DHC) and United Towers Holding Company (UTHC) through a signed Memorandum of Understanding (MoU), in which URC is the merging entity while both companies become the merged entities.
- The merger is expected to enhance URC’s portfolio of income-generating assets, creates an added value, and strengthens shareholders' base

OSN

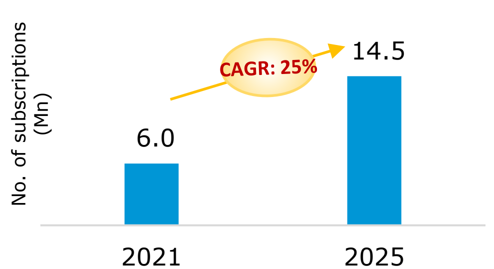
Overview

- **Largest general entertainment platform** in MENA, operating across multiple platforms:
  - *Over-the-top streaming (OTT)*
  - *Direct-to-home (DTH)*
  - *Cable fibre & Internet Protocol television (IPTV)*
  - *Business - Large commercial setups & hotels*
- **Premium content offerings with 62 channels** (including 44 HD channels and 19 owned and operated channels) in linear TV and 15,000 hours of content on-demand in streaming
  - Exclusive contracts with 7 major Hollywood studios
  - 1st pay window on Pay-tv and SVOD
  - Tailored local offering - Premium Arabic content, now including OSN Originals
- Licensed to operate in 22 countries, active in 7 core markets
- Product packages from $10 to $50+ p.m., capturing all income segments
- Employs ~660 people, 21 retail locations and network of 71 partners

Strategy

- Recently rebranded OSN+ replacing OSN streaming. It hosts premium international SVOD content from major studios as well as world-class Arabic original content
- Traditional OSN TV migrating to on demand
- Best in class UI/UX supported by strong analytical capabilities for optimal customer enjoyment
- OSN Originals: OSN+ is investing significantly in local premium series and features, with line up including local adaptation of smash hit series Suits, OSN+ Original feature film Yellow bus, and many more currently in development
- Partner with all major telcos in the region
- Strong management team
- Adjacencies with gaming, music, esports etc. for full ecosystem play

Expected OTT growth in MENA*



*OSN Key markets (KSA, UAE, Kuwait, Qatar, Egypt, other territories)

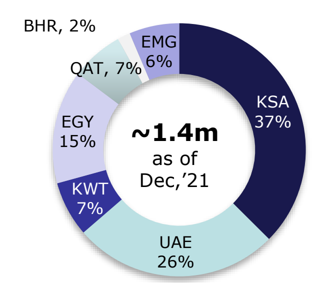
Source: Mckinsey & OMDIA

MENA Pay TV Potential

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

[1]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

Subscriber by Country



~620K OTT subscribers

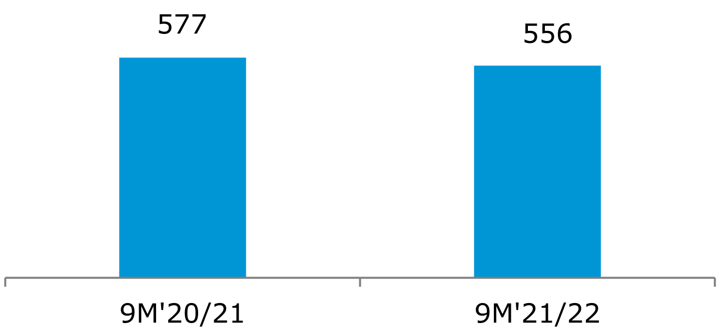
(includes ~155K streaming users through DTH platform)

Other key entities

Qurain Petrochemical Industries Company (QPIC)*

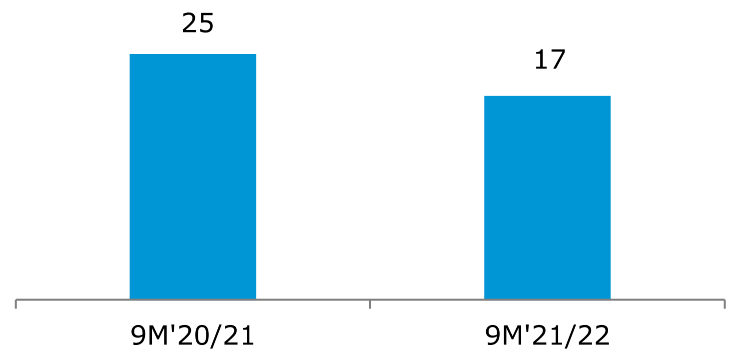
Total Revenue

USDmn



Net Profit

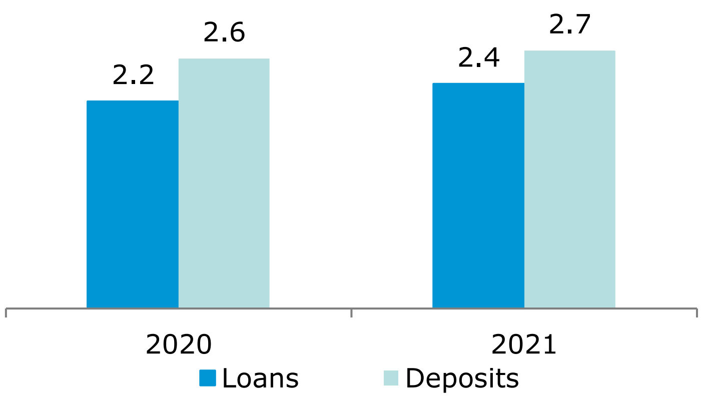
USDmn



Jordan Kuwait Bank (JKB)

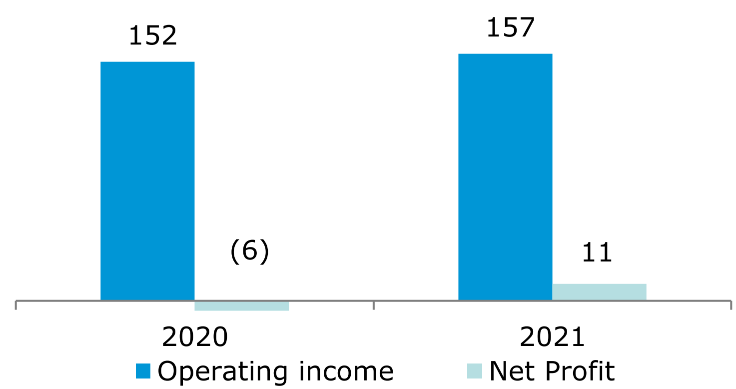
Loans & Deposits

USDbn



Operating Income & Net Profit/ (loss)

USDmn



**As QPIC's year end is 31st March. The above numbers are for 9 months ending 31st December 2021*

Annexure

KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	2020*	2021
Cash in hand and at banks	4,452	4,287
Treasury bills, bonds & other debt securities	1,655	1,931
Investment in associates	1,163	1,143
Investment properties	2,064	1,612
Other investments	2,129	2,273
Loans and advances	16,349	15,839
Other assets (inc. goodwill & intangibles)	6,406	6,566
Total assets	**34,219**	**33,652**
Due to Banks & Other FI’s	4,205	4,066
Deposits from Customers	17,058	17,186
Debt	6,537	5,970
Other liabilities	3,466	3,043
Equity attributable to equity holders of the Parent Company	648	1,043
Perpetual capital securities	507	507
Non-controlling interest	1,799	1,835
Total liabilities and shareholders equity	**34,219**	**33,652**

**restated; please refer Note 3 of KIPCO Consolidated financial statements for FY2021, for details on restatement*

KIPCO consolidated: Income Statement

Consolidated Income Statement (USDmn)	2020*	2021
Interest income	1,086	1,013
Investment income	285	209
Fees and commission income	186	208
Share of results of associates	59	108
Share of results of a media joint venture	(20)	-
Media and digital satellite network services income	283	322
Hospitality and real estate income	335	292
Other revenues	180	198
Total revenues	**2,394**	**2,351**
Interest Expenses	758	695
General and administrative expenses	532	587
Other expenses and provisions	1,094	1,008
Taxation	10	31
(Profit) / Loss from discontinued operations	(8)	(7)
Non-controlling interest	5	13
Net profit/ (loss) attributable to Equity Holders of the Parent Company	**4**	**24**
Basic Earnings/ (Loss) Per Share, Cents (Reported) **	(0.8)	0.2
Basic Earnings/ (Loss) Per Share, from continuing operations, Cents (Reported)**	(1.1)	0.03

* Restated numbers. For details please refer to note 3 and 25 of KIPCO's FY2021 financial statements
** after interest payment on perpetual capital securities

Thank you