

KKR & Co. Inc.

KKR Capital Markets Overview: November 7, 2018

KKR Capital Markets Overview

Key Highlights

- Full service capital markets business that serves both KKR and independent clients
- Global footprint with local presence and licenses across North America, Europe and Asia
- Broad based, investor-facing platform with deep product expertise and differentiated access to liquid and illiquid markets
- Scale and frequency of financing activities provides unique insights into market trends and opportunities
- Experienced team of >40 executives who operate with an ownership mentality
- Fee based business with 11-year history of growth and profitability

Product Expertise

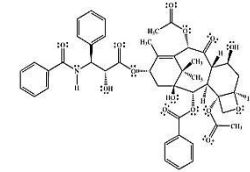
Debt



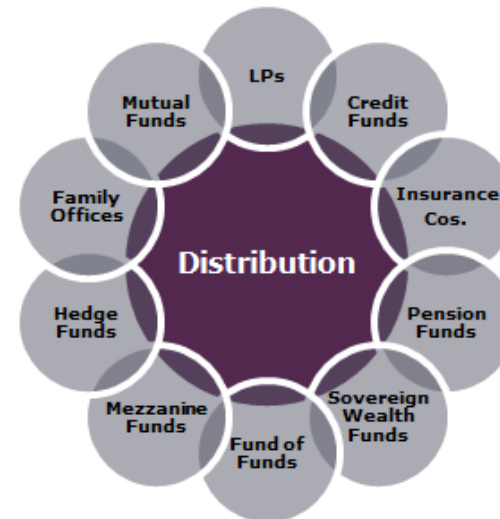
Equity



Structured



Distribution Reach

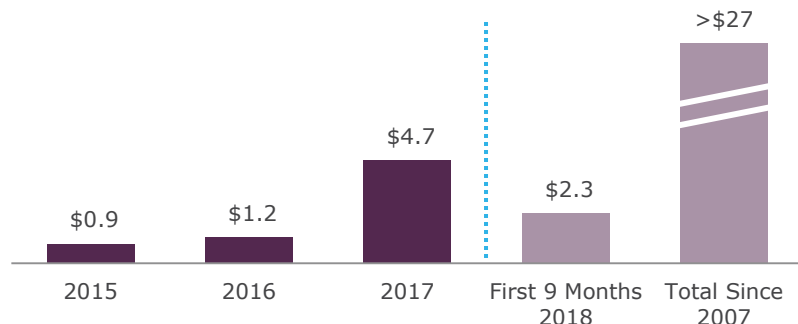


Components of the Capital Markets Business

Private Syndications – Equity Syndicated

(\$ in billions)

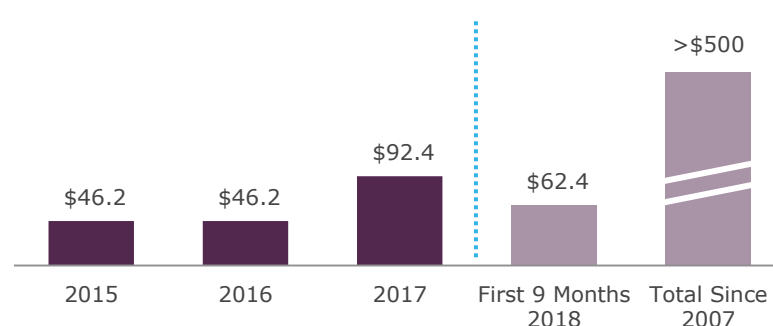
Raises additional equity capital from co-investors to facilitate fund investments



Debt Capital Markets – Debt Arranged⁽²⁾

(\$ in billions)

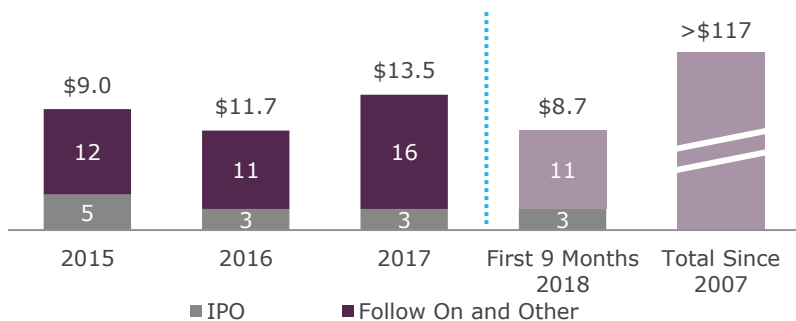
Executes debt financings as an arranger and capital provider for KKR companies and third party clients



Equity Capital Markets – Gross Proceeds⁽¹⁾

(\$ in billions)

Drives monetizations when exiting investments in the public markets



Across a complete range of debt instruments and with the ability to partner with credit funds

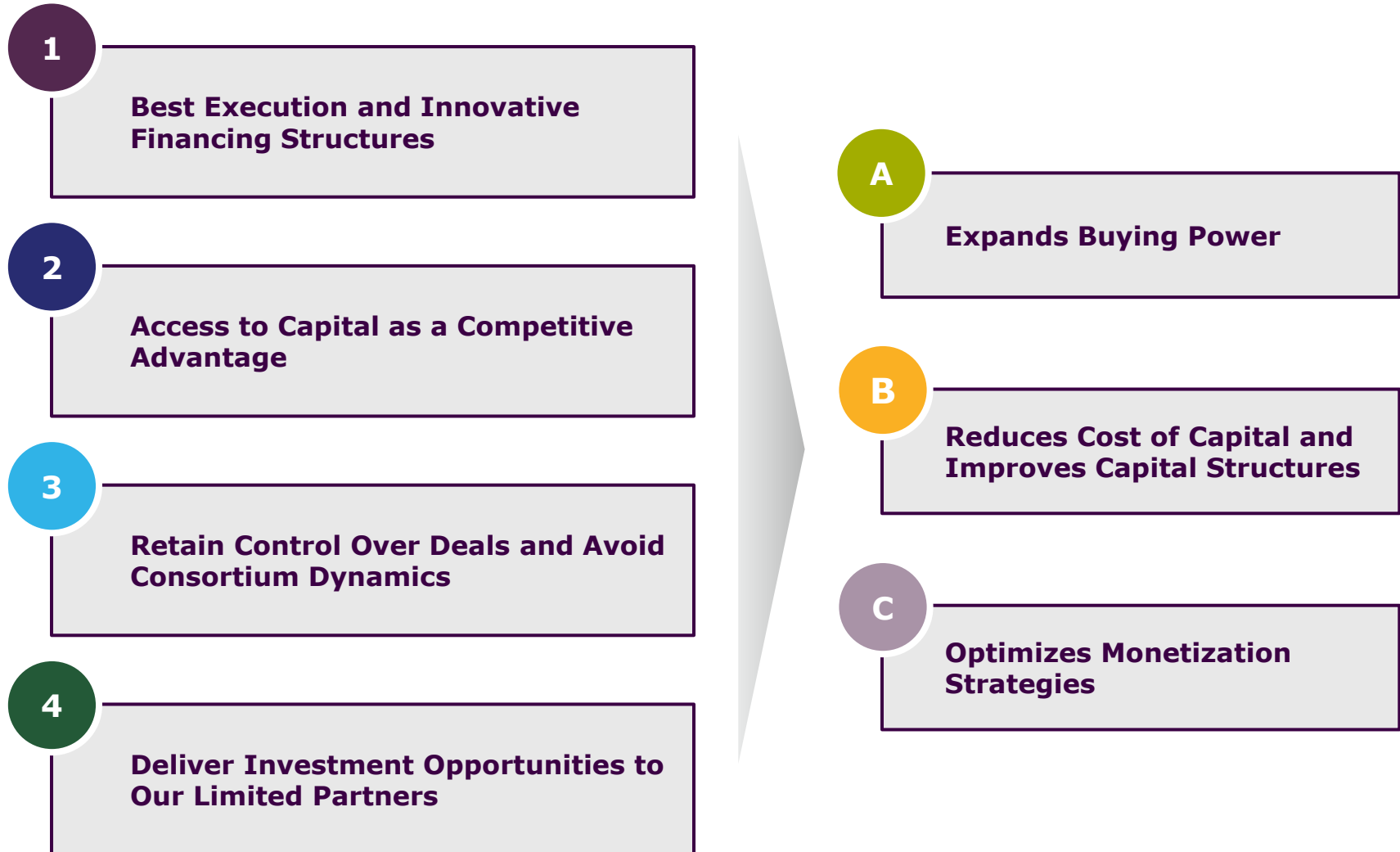
- Revolving Credit Facilities
- Asset-Based Facilities
- 1st Lien Term Loans
- 2nd Lien Term Loans
- Unitranche Loans
- Bridge Loans
- Mezzanine Capital
- High Yield Bonds
- Structured Credit
- Preferred Equity

Note: Throughout this presentation, first 9 months 2018 represents January 1, 2018 through September 30, 2018. This period excludes transactions in Q4 that have closed or will close, including, but not limited to BMC and Envision.

(1) Totals represent gross proceeds while subtotals represent the number of deals of each type. Deal counts include fee generating and non-fee generating events.

(2) Debt financings exclude deals effected by our Indian Merchant Bank and related Non-Bank Finance Company. Only includes fee generating debt financings.

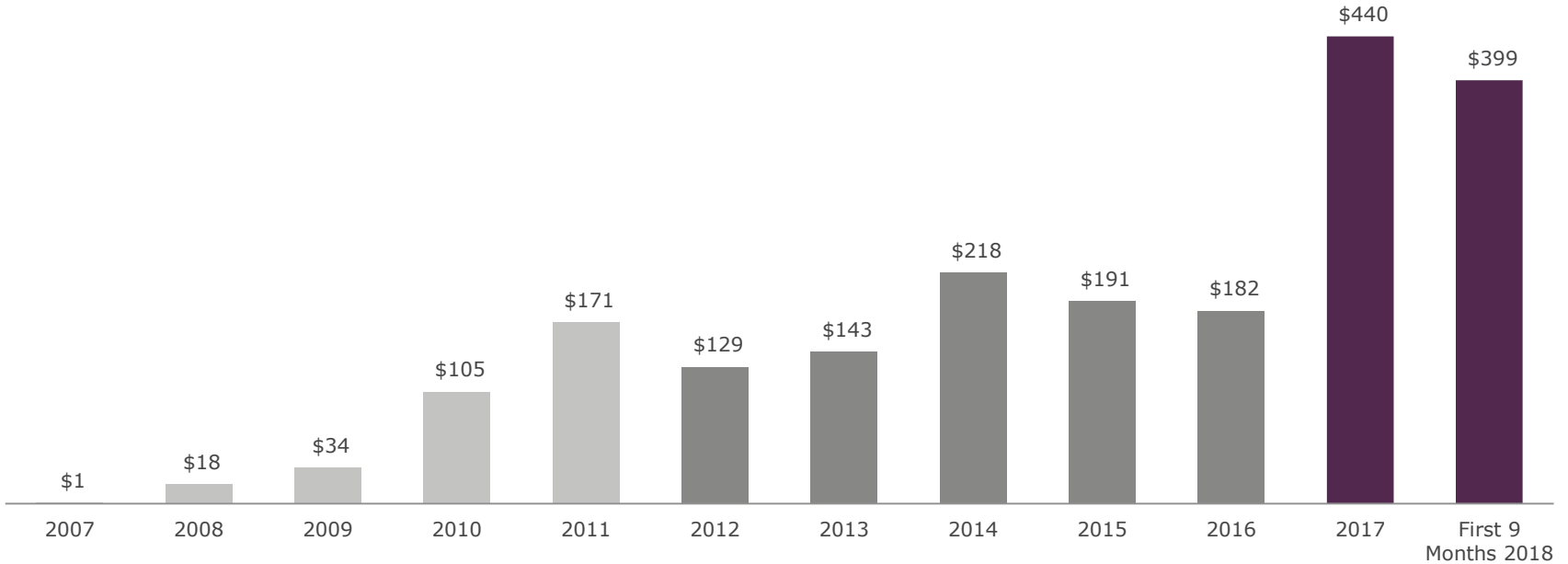
Contributing to the Firm's Investment Activities



Financial Performance

(\$ in millions)

>\$2 billion of total fee generation



First Five Years	Second Five Years	Today
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23 Deals per Year on Average

88 Deals per Year on Average

139 Deals Closed in 2017

154 Deals Closed in First 9 Months of 2018

Note: "First Five Years" refers to 2007 – 2011 and "Second Five Years" refers to 2012-2016.

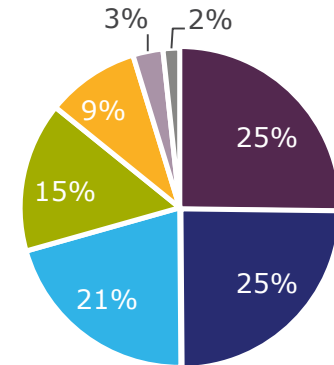
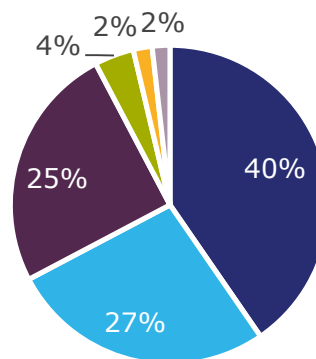
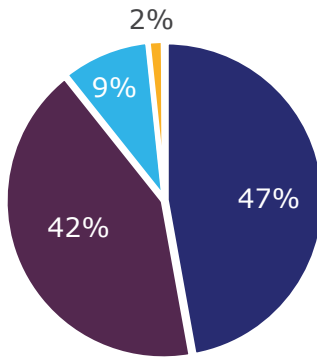
Increased Diversification Across Business Lines & Geographies

First Five Years

Second Five Years

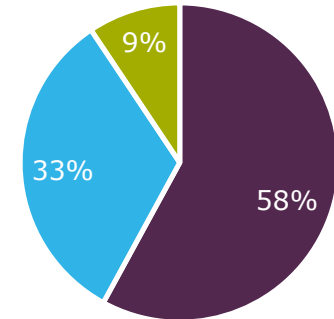
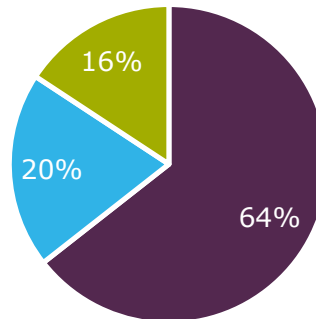
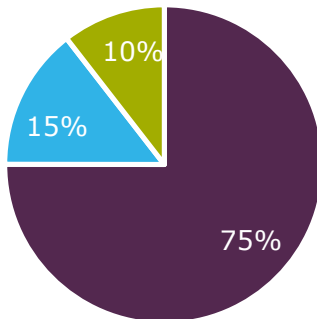
2017 – 9/30/18

Average Annual Revenue Contribution by Investment Strategy



■ PE - New Investments
 ■ PE - Existing Portfolio Companies
 ■ Third Party
 ■ Infrastructure
 ■ Energy / Real Estate
 ■ Other / Balance Sheet
 ■ Credit





Average Annual Revenue Contribution by Region



■ North America
 ■ Europe
 ■ Asia

Note: "First Five Years" refers to 2007 to 2011 and "Second Five Years" refers to 2012 to 2016.

The Firm's Investment Activities Provide A Strong Foundation

		First Nine Months 2018	Drivers
	Third Party	Financings \$74.5mm in fees 77 deals	Sponsors and Corporate Clients
	Monetization	IPOs and Follow-Ons \$36.8mm in fees 7 deals	119 KKR Private Equity Portfolio Companies ⁽¹⁾
	Ownership	Refinancings and Incremental Capital \$74.7mm in fees 27 deals	
	Acquisition	Debt Financings \$138.9mm in fees 30 deals Equity Syndications \$73.9mm in fees 13 deals	\$58bn in Dry Powder ⁽²⁾

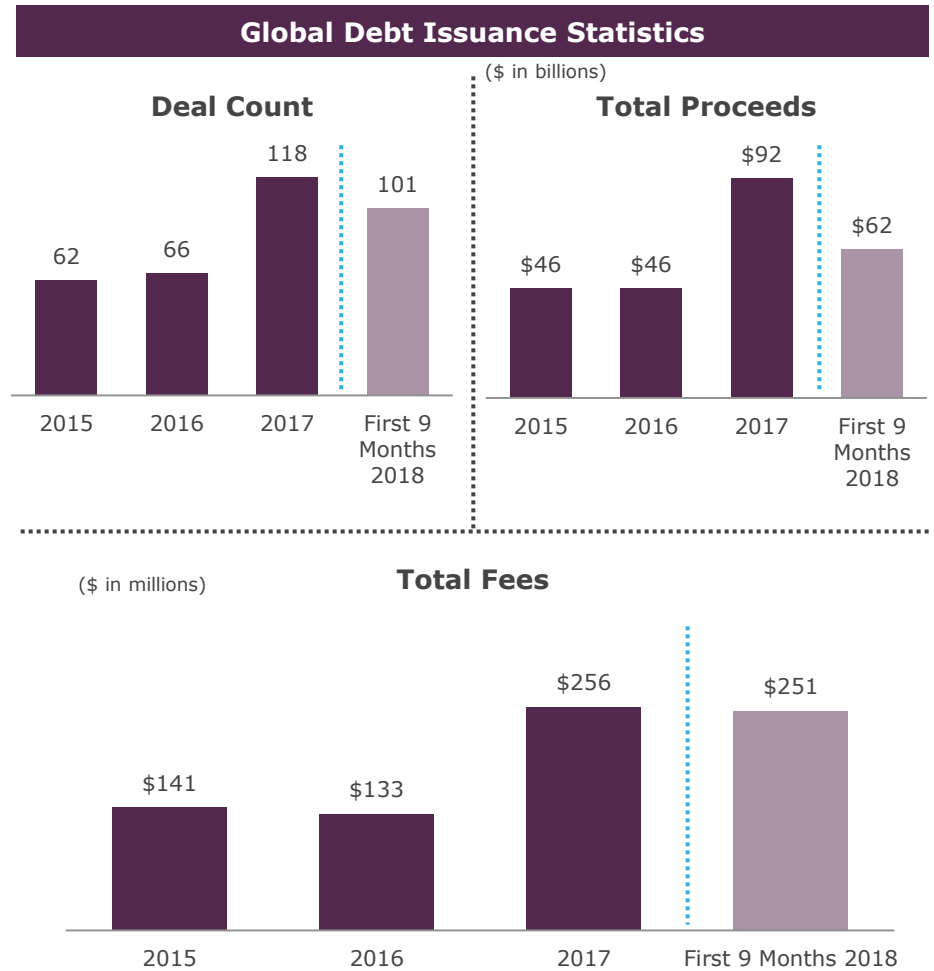
Note: Deal counts include only fee-paying events.

(1) As of December 31, 2017.

(2) As of September 30, 2018.

Transforming Our Debt Capital Markets Business: 2015 → 2018

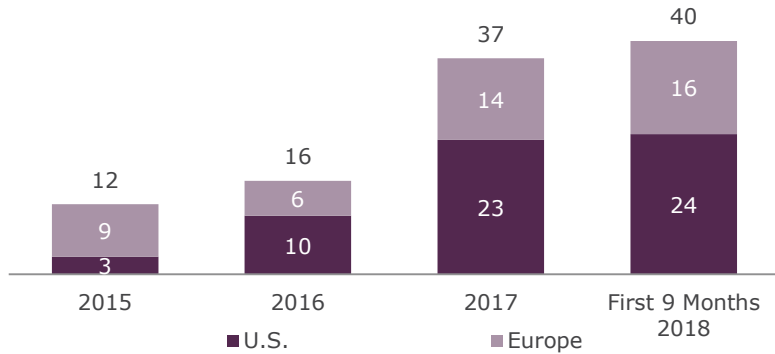
- 1 Scaled direct distribution network to allow us to lead deals in broadly syndicated markets
- 2 Capitalized on bank retrenchment and regulatory pressures to gain market share
- 3 Used high volume business and control over debt allocations to gain market influence
- 4 Added capital from internal and external sources to expand underwriting capacity
- 5 Integrated debt capital markets team with Credit platform to create a unique competitive advantage
- 6 **Performed**



Note: Deal counts and volumes exclude deals effected through our Indian Merchant Bank and related Non-Bank Finance Company.

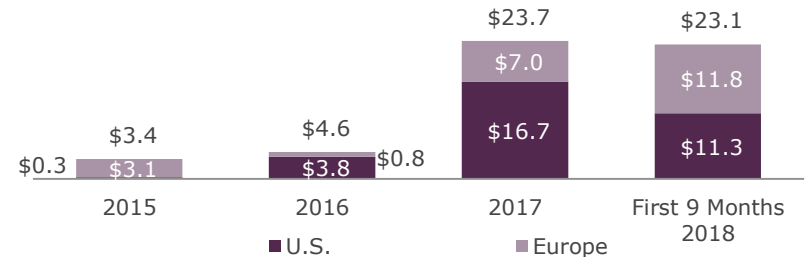
Increasing Breadth of Debt Capital Markets Distribution

Left Lead Deals

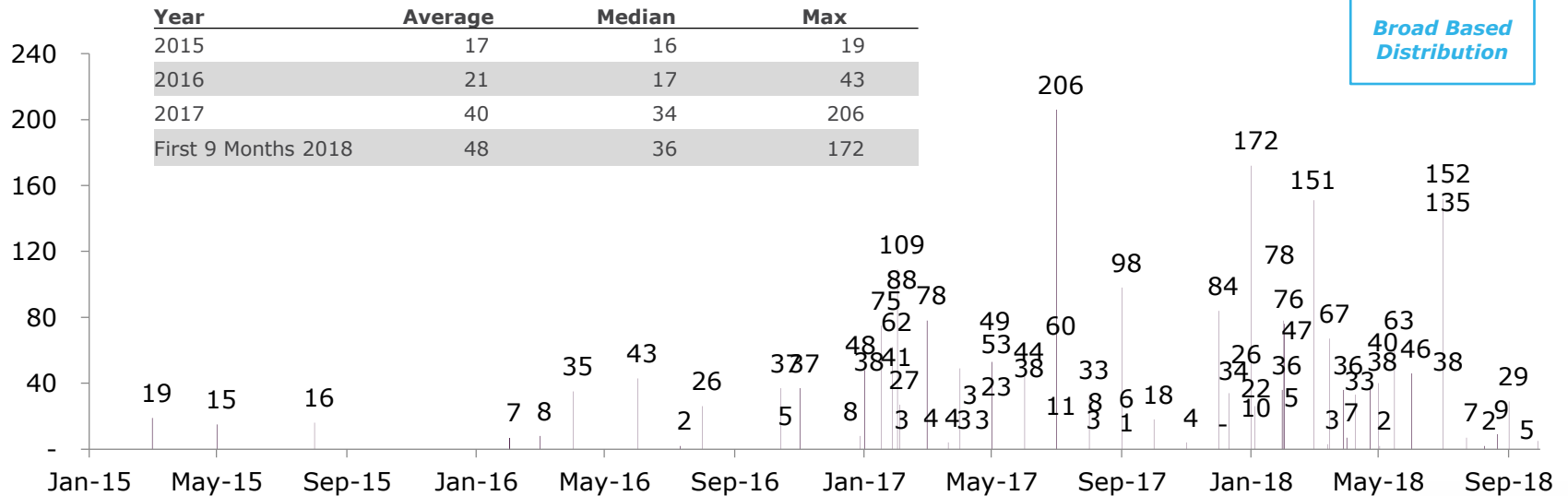


Proceeds Raised on Left Lead Deals

(\$ in billions)

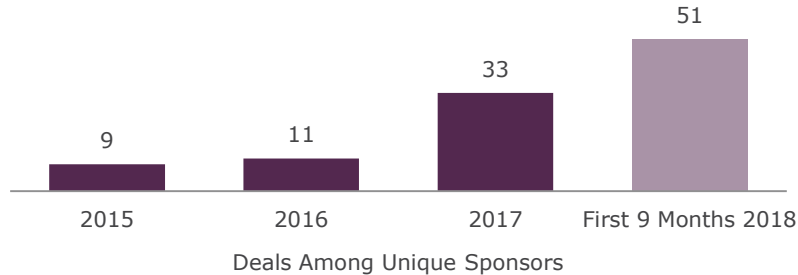


Number of Investors Allocated on Left Lead Deals

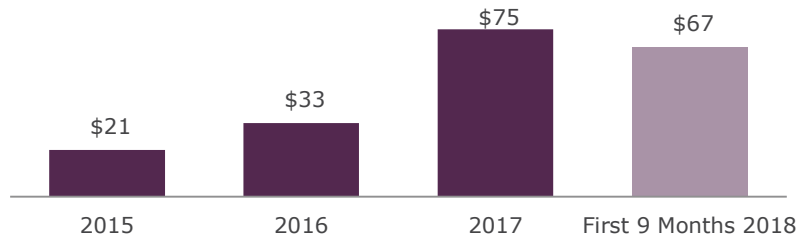


DCM - Growing Contribution from Third Party

Number of Third Parties Transacting Globally⁽¹⁾

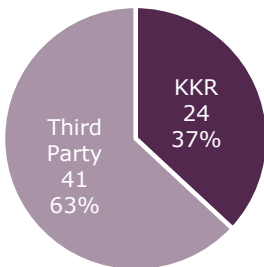


Third Party Fees

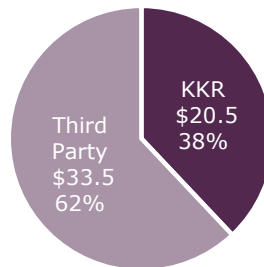


Americas Business – First Nine Months 2018⁽²⁾

Number of Deals



Total Proceeds (\$ billions)



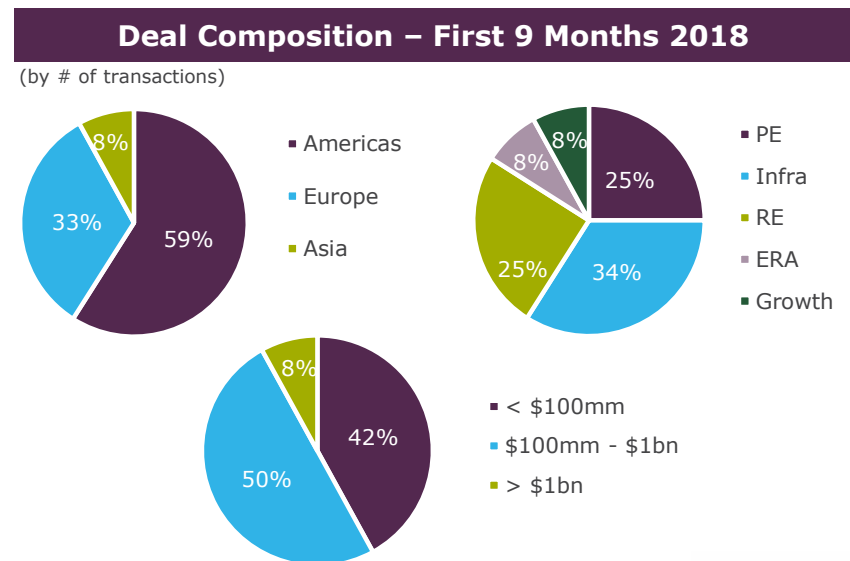
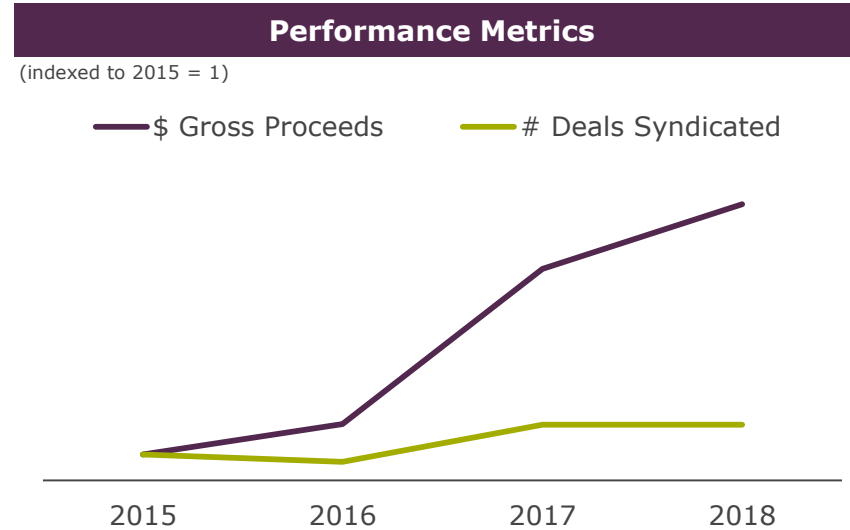
First 9 Months 2018 Highlights

- Strong performance in the U.S. with third party deal flow outpacing KKR deal flow for second straight year, despite resurgence in bank leveraged lending
- Increased activity in Europe with higher deal counts and number of sponsors transacting, although at smaller sizes
- First third party deals completed in Asia
- Converted former KKR portfolio companies into third party clients post-exit
- Completed 9 hybrid transactions with credit funds
- **Added 24 sponsors or corporates as first time third party clients in 2018**

(1) Deal counts include only fee-paying events. Deals effected through our Indian Merchant Bank and related Non-Bank Finance Company are also excluded.
 (2) Includes all engagements with regard to which league table status has been awarded.

Transforming Our Private Syndication Business: 2017 → 2018

- 1 Began launching syndications early in a process to enhance certainty, reduce risk and limit bridging needs
- 2 Moved from a “sequential” calling effort to a “go broad, go fast” strategy to build demand, redundancy and speed
- 3 Integrated approach with our Client & Partner Group to maximize effectiveness and optimize relationships
- 4 Expanded investor base to support higher volume business and build incremental demand
- 5 Breadth and frequency of interactions has increased knowledge and predictability of our buyer universe

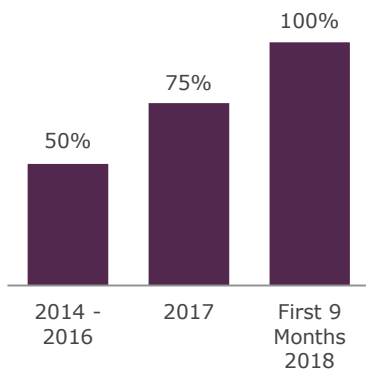


Equity Capital Markets

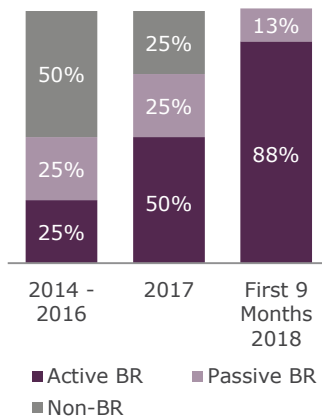
Elevating Our Role in the Syndicate

- 1 Focused on winning Active Bookrunner roles where we can be more impactful and earn larger fees
- 2 Transitioning away from procedural and drafting roles to higher value add areas
- 3 Key differentiator is our investor connectivity, market insights and aligned advice

Increasingly a Bookrunner (% of Mandates)

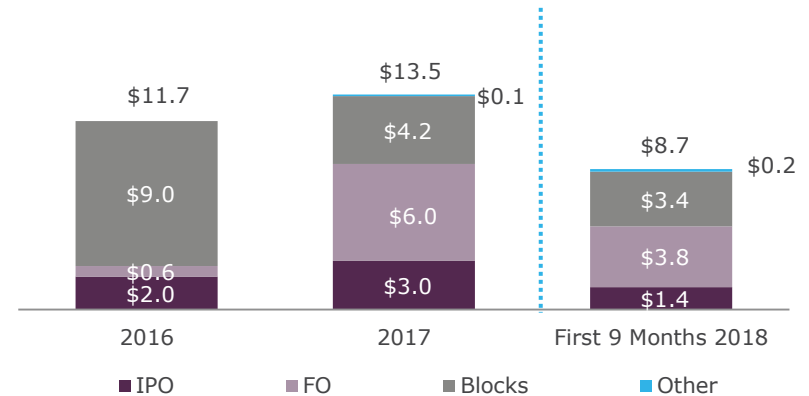


With an Active Role (% of Mandates)



Deal Activity Proceeds

(\$ in billions for proceeds; \$ in millions for fees)



Firm ⁽¹⁾	Rank	Volume	Market Share
Goldman Sachs	1	\$40,018	12.9%
Morgan Stanley	2	\$38,714	12.5%
JP Morgan	3	\$34,866	11.3%
Citi	4	\$25,636	8.3%
BAML	5	\$24,808	8.0%
Barclays	6	\$22,168	7.2%
KKR		\$22,020	~7.0%
Credit Suisse	7	\$19,144	3.2%
Wells Fargo	8	\$13,080	4.2%
Deutsche Bank	9	\$10,718	3.5%
RBC Capital Markets	10	\$10,394	3.4%

We would rank #7 in the U.S. equity league table if we participated as a book-runner in all the stock we sold since 2017

(1) Dealogic (January 1, 2017 to September 30, 2018).

Conclusions

Today

- 1 Full service capital markets business serving KKR and independent clients
- 2 Significant growth and diversification leading to \$440 million of revenue in 2017 and \$399 million of revenue YTD (through September 30, 2018)
- 3 Strong baseline business across private equity, infrastructure and third party with a healthy balance between debt and equity
- 4 Transformation of our debt capital markets platform has allowed us to gain market share

Looking Ahead

- 1 Significant runway across debt capital markets and third party business
- 2 New business opportunities as our more recent investment strategies scale
- 3 Continued geographic expansion as we follow the firm's global build out
- 4 Additional product capabilities as our Credit business expands



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