

# 4<sup>th</sup> Quarter Earnings Conference Call

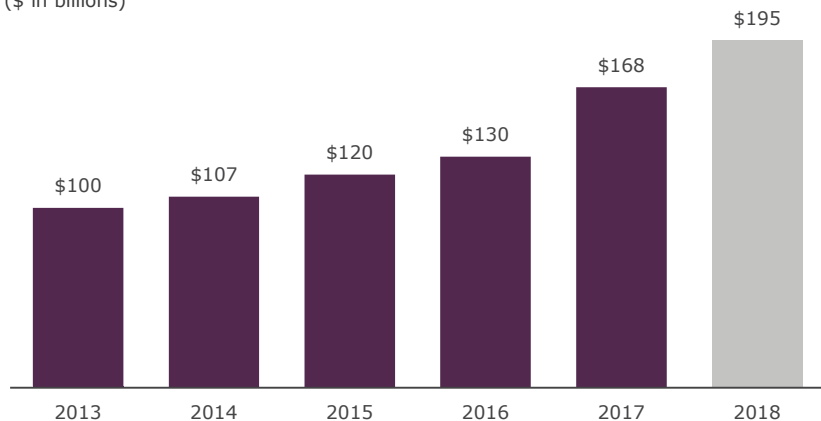
KKR & Co. Inc. Investor Update

February 1, 2019

# Key Metrics

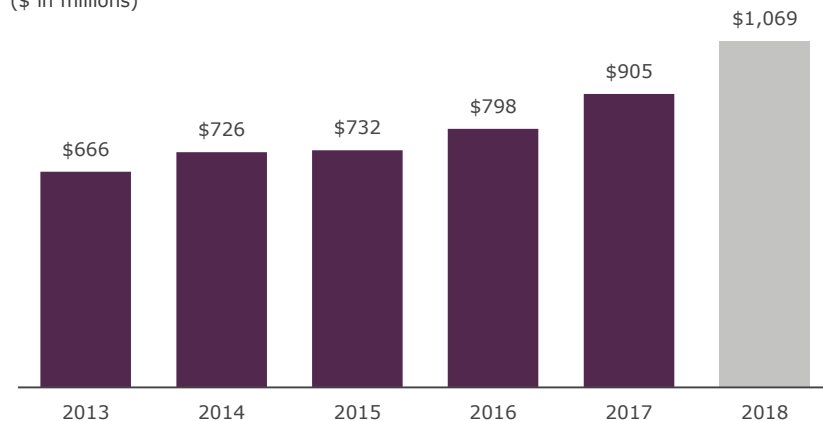
## Assets Under Management

(\$ in billions)



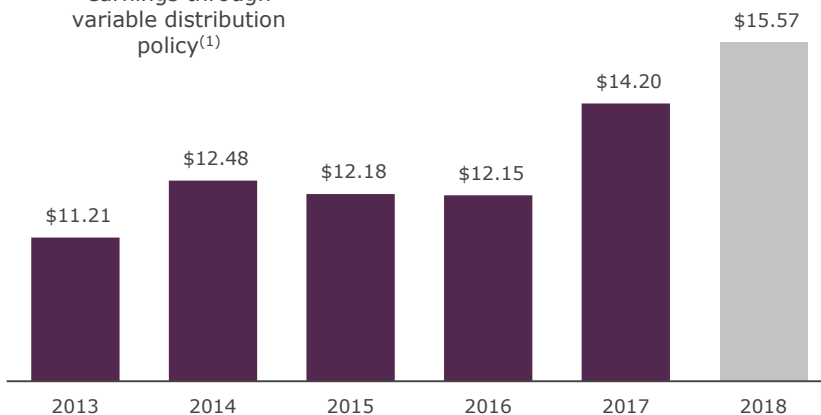
## Management Fees

(\$ in millions)



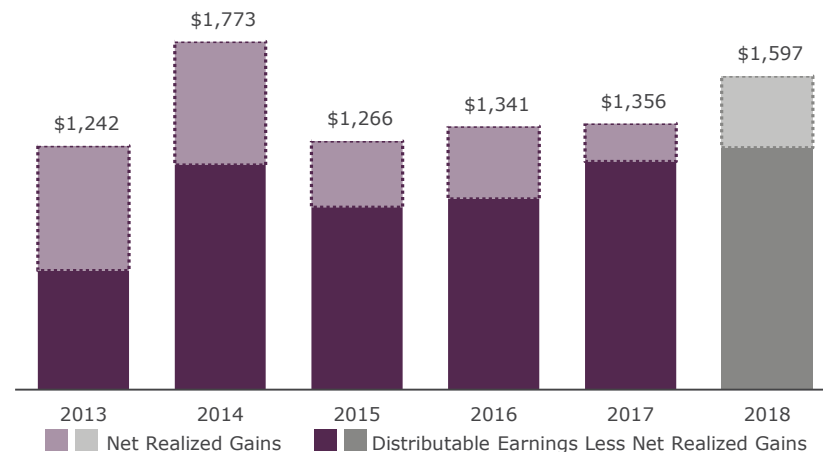
## Book Value Per Adjusted Share

Returned ~75% of earnings through variable distribution policy<sup>(1)</sup> ← → Fixed distribution policy →



## After-tax Distributable Earnings<sup>(2)</sup>

(\$ in millions)



Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

(1) From Q1 2013 to Q3 2015.

(2) Note: Figures in 2013 and 2014 are elevated reflecting Net Realized Investment Income Gains from the sale of legacy co-investment positions. Realized Performance Income in 2014 includes ~\$300 million from the sale of Oriental Brewery.

# 4Q18 Reflections | Fundamentals Are Strong

(\$ in millions, except per share amounts and unless otherwise stated)

	Q4 2018	2018	Notes
After-tax Distributable Earnings	\$460	\$1,597	• +18% on an LTM year-over-year basis
After-tax Distributable Earnings / Adjusted Share	\$0.55	\$1.93	• +16% on an LTM year-over-year basis
Management Fees	\$279	\$1,069	• +18% on an LTM year-over-year basis
Fee Related Earnings <sup>(1)</sup>	\$331	\$1,065	• +23% on an LTM year-over-year basis
Assets Under Management	\$195bn		• +16% on a year-over-year basis
Fee Paying AUM	\$141bn		• +20% on a year-over-year basis
Book Value / Adjusted Share	\$15.57		• +10% on a year-over-year basis • \$12.3bn of cash and investments <sup>(2)</sup>

Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

(1) Fee related earnings is calculated as KKR's Total Fees and Other, Net, multiplied by KKR's segment operating margin. For purposes of the fee related earnings calculation, segment operating margin is calculated as Segment Operating Earnings, before equity-based compensation, divided by total segment revenues. For the quarter ended December 31, 2018, KKR's total Fees and Other, Net was \$570 million, Segment Operating Earnings was \$568 million, equity-based compensation was \$57 million, and total segment revenues was \$1,076 million.

(2) Represents Cash and Short-term Investments and Investments. Excludes Unrealized Carried Interest, Other Assets and Corporate Real Estate.

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# Fund Investment Performance

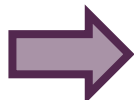
		2018 Gross Return	As points of reference, 2018 performance across several broad market indices:
Private Equity	<b>Private Equity Flagship Funds</b> <ul style="list-style-type: none"> <li>• North America XI</li> <li>• Asia II</li> <li>• Europe IV</li> </ul>	2%	<ul style="list-style-type: none"> <li>• S&amp;P 500 -4%</li> <li>• MSCI World -8%</li> </ul>
Real Assets	Real Estate I	9%	<ul style="list-style-type: none"> <li>• Real Estate<sup>(1)</sup> 7%</li> </ul>
	Infrastructure II	8%	<ul style="list-style-type: none"> <li>• Global Infra<sup>(1)</sup> -8%</li> </ul>
	Energy Income & Growth	7%	<ul style="list-style-type: none"> <li>• S&amp;P O&amp;G E&amp;P<sup>(1)</sup> -28%</li> </ul>
Alternative Credit	<b>Alternative Credit Flagship Funds</b> <ul style="list-style-type: none"> <li>• Special Situations II</li> <li>• Private Credit Opportunities II</li> <li>• Lending Partners II</li> </ul>	7%	<ul style="list-style-type: none"> <li>• LSTA 100 0%</li> <li>• U.S. High Yield -2%</li> <li>• HFRX Special Sits -13%</li> </ul>
Leveraged Credit	Composite Performance	1%	

Note: The private equity, real asset and alternative credit strategies shown above consist of KKR's strategies that could generate carry. The funds shown within each of the Real Assets and Alternative Credit strategies represent the flagship funds within each sub-strategy with at least \$1bn in committed capital and that have been investing for at least two years. For Private Equity the funds represent the flagship funds within each major geographic region. For a complete list of our carry paying funds, see the Investment Vehicle Summary on page 11 of KKR's fourth quarter earnings release, dated February 1, 2018. Leveraged credit encompasses all funds in that strategy. Past performance is no guarantee of future results.

(1) Real Estate represents NCREIF Fund Index – Open End Diversified Core Equity. Global Infra represents the DJBGIT Index. S&P O&G E&P represents S&P Oil & Gas Exploration & Production Select Industry Index.

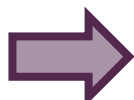
# Core Fundamentals Drive Firm-Wide Performance

**Generate strong investment performance**



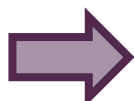
- Overall PE portfolio appreciated 5% in 2018 compared to the 8% decline in the MSCI World

**Continue to raise capital**



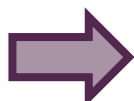
- AUM +16% year-over-year
- FPAUM +20% year-over-year

**Deploy capital in attractive opportunities**



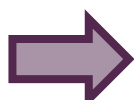
- Over \$20 billion deployed globally in 2018 across a wide array of strategies and geographies

**Monetize existing investments**



- After-tax Distributable Earnings of \$460 million in Q4, \$1,597 million in 2018
- Several secondary and strategic sales drove monetization events in Q4

**Use our model to capture more of everything that we do**



- Record level of Capital Markets fees in 2018 of \$631 million due to \$6.3 billion of syndicated capital

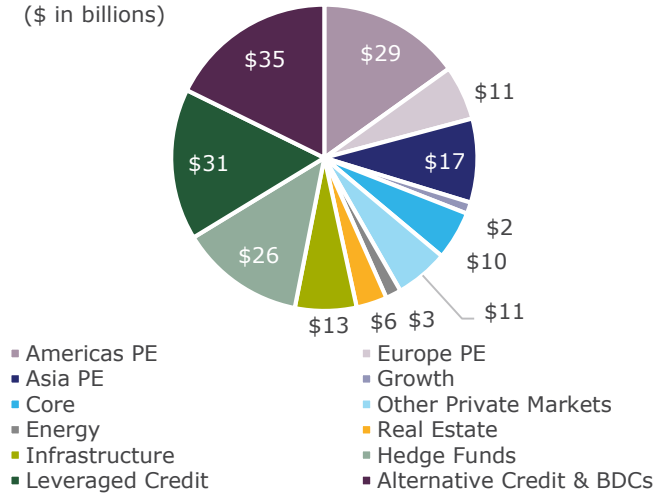
Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

# Diversity and Strength of Capital Base

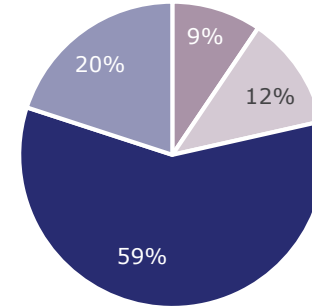
**Locked Up,  
Diversified  
Capital Base**

## AUM Diversified Across Strategies

(\$ in billions)



## Long Term, Locked Up Capital

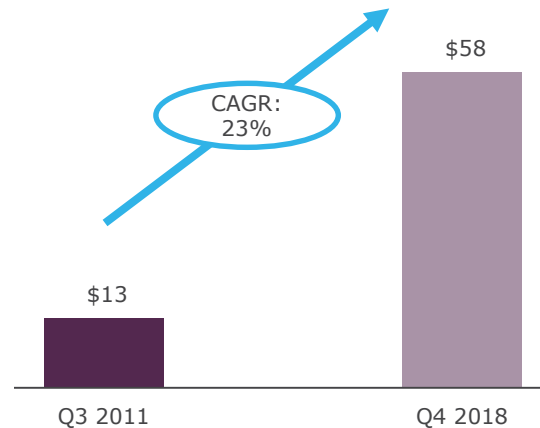


- Permanent Capital<sup>(1)</sup>
- Strategic Investor Partnerships
- 8+ Year Duration at Inception
- Capital Subject to Periodic Redemption

**Significant  
Dry Powder**

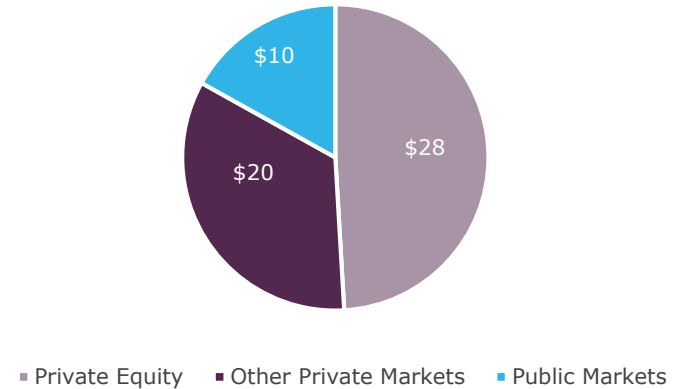
## Growth in Dry Powder

(\$ in billions)



## Diversified Uncalled Commitments

(\$ in billions)



Note: All data as of December 31, 2018 unless otherwise noted.  
 (1) Capital of indefinite nature, which may be withdrawn under certain conditions.

# Appendix

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# Reconciliation of Net Income (Loss) Attributable to KKR & Co. Inc. Class A Common Stockholders (GAAP Basis) to After-tax Distributable Earnings

	Year Ended						Three Months Ended
	2013	2014	December 31,		2017	2018	December 31,
			2015	2016			2018
<b>Net Income (Loss) Attributable to KKR &amp; Co. Inc. Class A Common Stockholders</b>	<b>\$ 691,226</b>	<b>\$ 477,611</b>	<b>\$ 488,482</b>	<b>\$ 287,072</b>	<b>\$ 984,941</b>	<b>\$ 1,097,699</b>	<b>\$ (392,982)</b>
Add: Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P.	1,056,126	585,135	433,693	212,878	791,021	561,052	(303,468)
Add: Equity-based and Other Compensation - KKR Holdings L.P.	192,805	151,476	75,233	78,663	141,727	100,632	13,153
Add: Amortization of Intangibles and Other, net	102,789	290,348	47,599	(17,267)	122,870	26,116	(31,898)
Add: One-time Non-recurring Costs	-	-	-	-	-	11,501	-
Add: Realized Losses on Certain Investments	-	-	-	-	-	729,425	-
Deduct: Unrealized Carried Interest	724,141	110,133	163,545	(420,372)	600,242	(756,467)	(938,597)
Deduct: Net Unrealized Gains (Losses)	301,262	(396,425)	(391,962)	(584,423)	395,358	1,043,912	(805,165)
Add: Unrealized Performance Income Compensation	306,938	49,459	66,927	(161,510)	247,601	(295,794)	(377,170)
Deduct: Gain from Remeasurement of Tax Receivable Agreement Liability	-	-	-	-	67,221	-	-
Add: Income Tax Provision	37,926	63,669	66,636	24,561	224,326	(194,098)	(143,294)
Deduct: Income Taxes Paid	120,052	131,081	140,677	87,723	94,065	151,848	47,980
<b>After-tax Distributable Earnings</b>	<b>\$ 1,242,355</b>	<b>\$ 1,772,909</b>	<b>\$ 1,266,310</b>	<b>\$ 1,341,469</b>	<b>\$ 1,355,600</b>	<b>\$ 1,597,240</b>	<b>\$ 460,123</b>

Note: Amounts in thousands.

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## Reconciliation of KKR & Co. Inc. Stockholders' Equity – Common Stockholders (GAAP Basis) to Book Value per Outstanding Adjusted Share

	As Of					
	2013	2014	December 31,		2017	2018
			2015	2016		
KKR & Co. Inc. Stockholders' Equity – Common Stockholders	\$ 2,722,010	\$ 5,382,691	\$ 5,547,182	\$ 5,457,279	\$ 6,703,382	\$ 8,167,056
Impact of Consolidation of Investment Vehicles and Other Entities	21,490	120,228	133,208	118,635	214,188	205,502
Noncontrolling Interests held by KKR Holdings L.P. and Other	5,116,761	4,735,773	4,431,939	4,389,285	4,844,271	4,625,448
Other Reclassifications	-	-	-	(17,446)	(17,446)	(17,446)
Equity Impact of KKR Management Holdings Corp.	(97,661)	(120,467)	(133,100)	(151,162)	(70,486)	-
<b>Book Value</b>	<b>\$ 7,762,600</b>	<b>\$ 10,118,225</b>	<b>\$ 9,979,229</b>	<b>\$ 9,796,591</b>	<b>\$ 11,673,909</b>	<b>\$ 12,980,560</b>
Outstanding Adjusted Shares	692,512,345	810,527,289	819,181,463	806,137,733	822,146,070	833,938,476
<b>Book Value per Outstanding Adjusted Share</b>	<b>\$ 11.21</b>	<b>\$ 12.48</b>	<b>\$ 12.18</b>	<b>\$ 12.15</b>	<b>\$ 14.20</b>	<b>\$ 15.57</b>
Weighted Average Adjusted Shares						864,678,232
Adjusted Shares						867,346,967

Note: Amounts in thousands, except adjusted shares and book value per share amounts. Weighted Average Adjusted Shares is for the quarter ended December 31, 2018.

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