

# KKR & Co. Inc.

Goldman Sachs U.S. Financial Services Conference – December 4, 2018

## KKR

Private Markets	Public Markets	Capital Markets	Principal Activities
<p><b>\$104bn AUM</b></p> <ul style="list-style-type: none"> <li>• \$69bn Private Equity<sup>(1)</sup></li> <li>• \$23bn Real Assets</li> <li>• \$12bn Other Private Markets</li> </ul>	<p><b>\$91bn AUM</b></p> <ul style="list-style-type: none"> <li>• \$63bn Credit</li> <li>• \$28bn Hedge Funds</li> </ul>	<p><b>Global Franchise</b></p> <ul style="list-style-type: none"> <li>• Equity and Debt Syndication</li> <li>• Portfolio Companies and Third Parties</li> </ul>	<p><b>\$19bn of Total Assets</b></p> <ul style="list-style-type: none"> <li>• \$16.68 Book Value Per Adjusted Share</li> </ul>

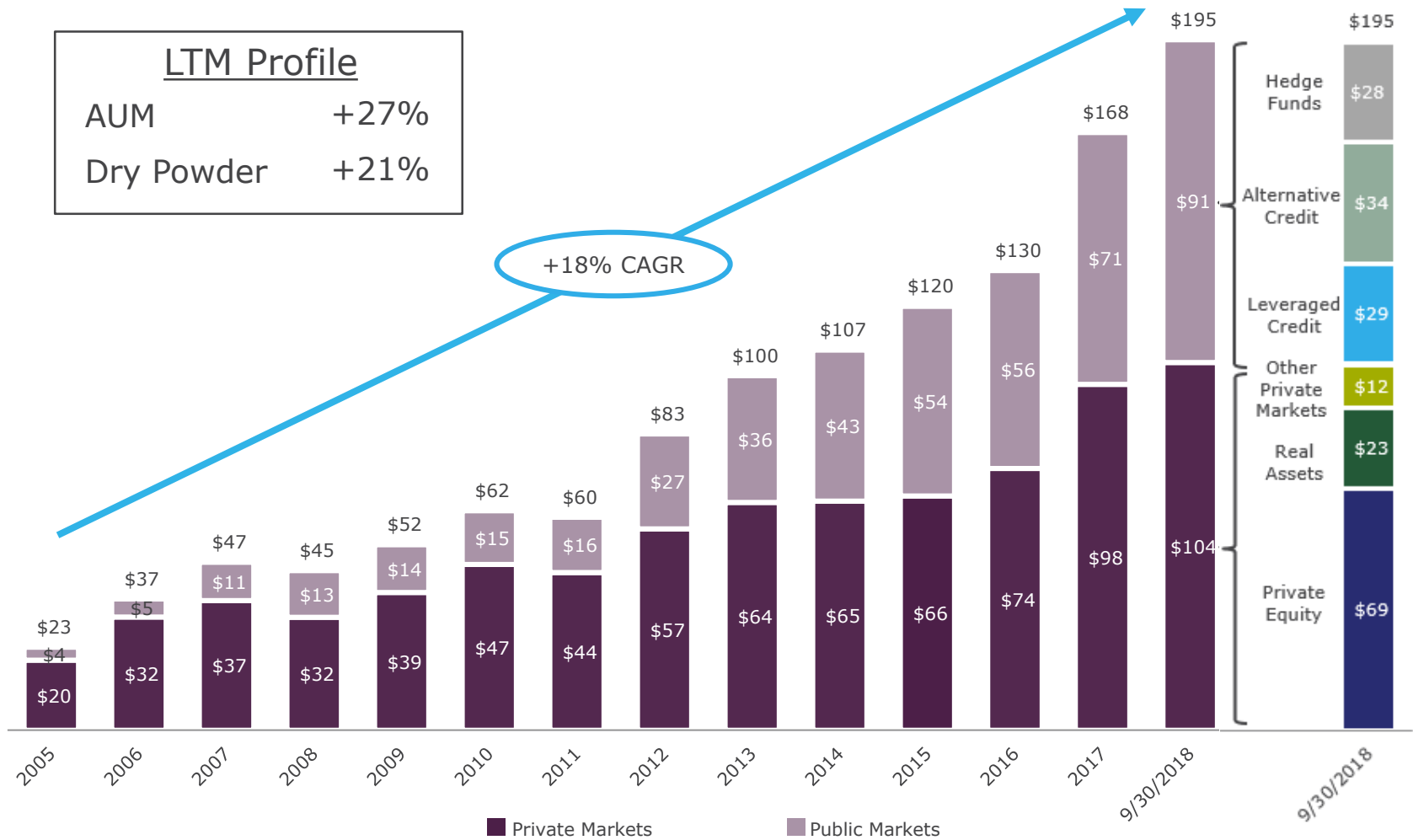
### Balance Sheet (\$13bn Cash & Investments)

- \$195bn of third party AUM
- Unique capital markets platform
- Balance sheet used as a strategic asset to build and support strategies, facilitate capital markets transactions and compound value

Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP. Figures as of September 30, 2018.  
 (1) Private Equity defined as Private Markets less Core, Growth and Real Assets.

# AUM Growth Across Asset Classes

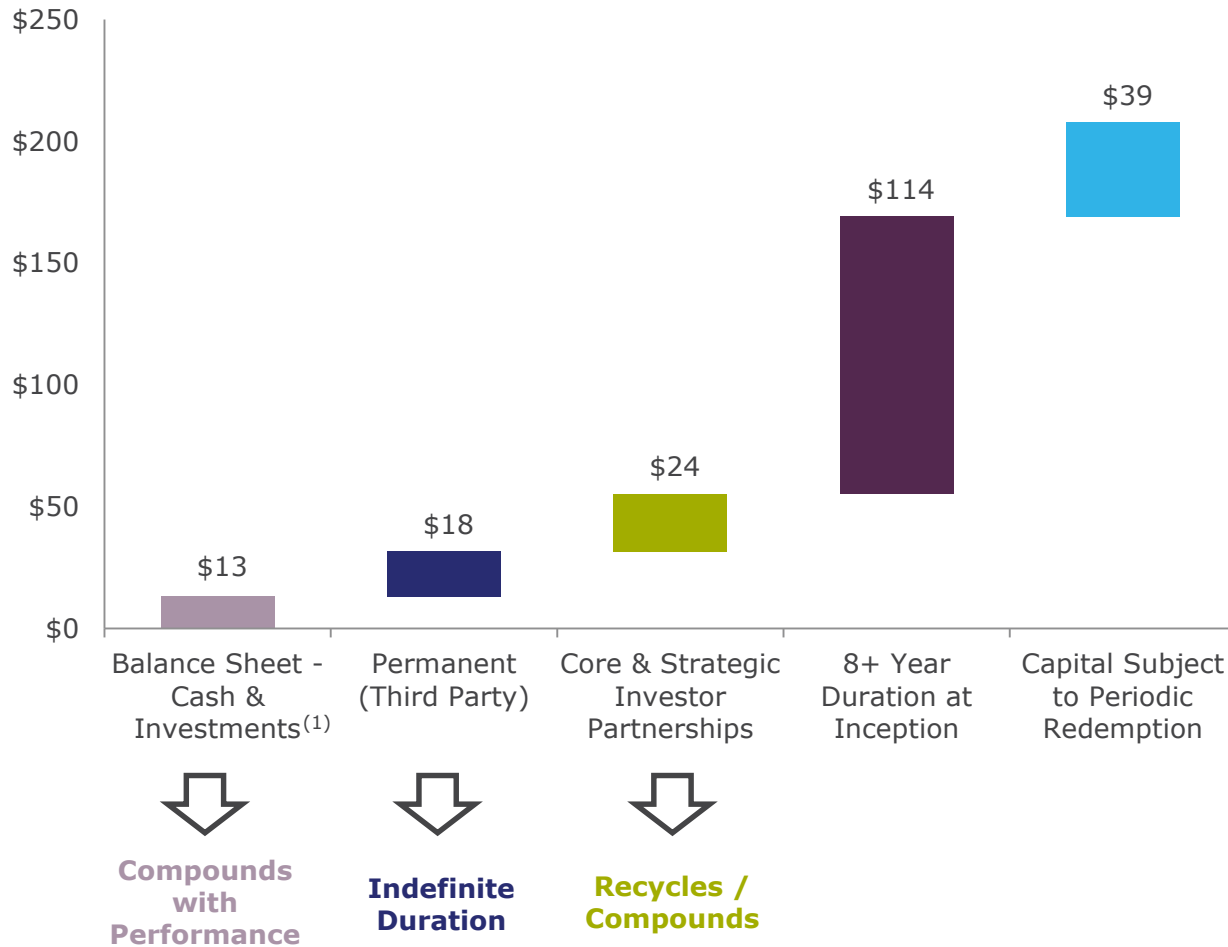
(\$ in billions)



Note: Private Equity includes private markets less Core, Growth and Real Assets. AUM and Dry Powder percentages represent the increase over the last twelve months ended September 30, 2018.

# Quality of Capital

(\$ in billions)



**\$195bn**  
+ Balance Sheet



- 80% of AUM is performance fee eligible with 8+ duration at inception
- Aim to grow all types of capital
- Over time, we want a higher portion of Permanent and Core & Strategic Partnership Capital

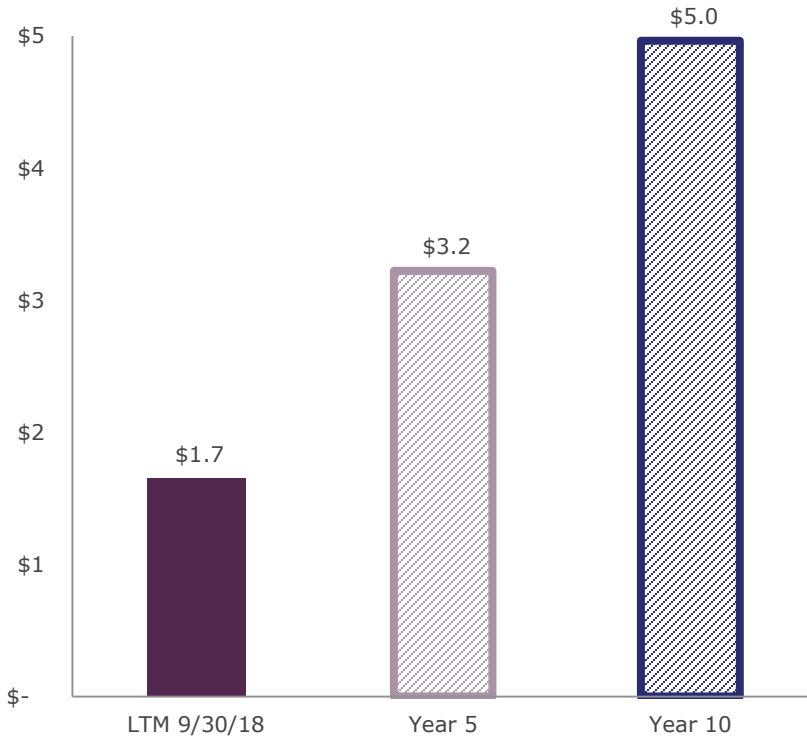
(1) Commitments to investment strategies included in AUM total and respective bars.

# In Order to Double Earnings and Book Value by Year 5... (KKR Investor Day – July 2018)

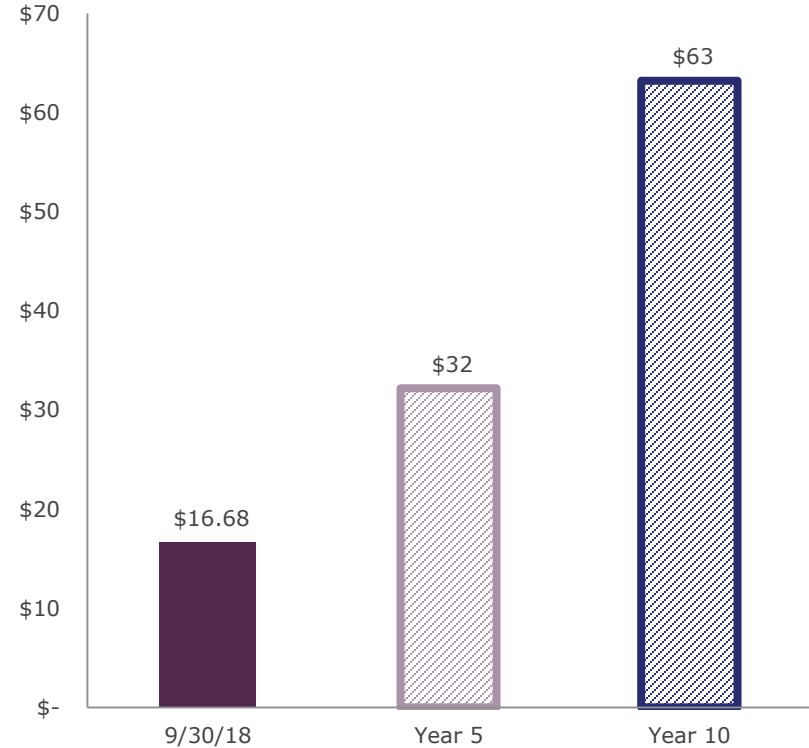
- Conservative assumptions compared to our historical profile (see page 18 in Appendix)

## Pre-Tax Distributable Earnings

(\$ in billions)



## Book Value Per Adjusted Share



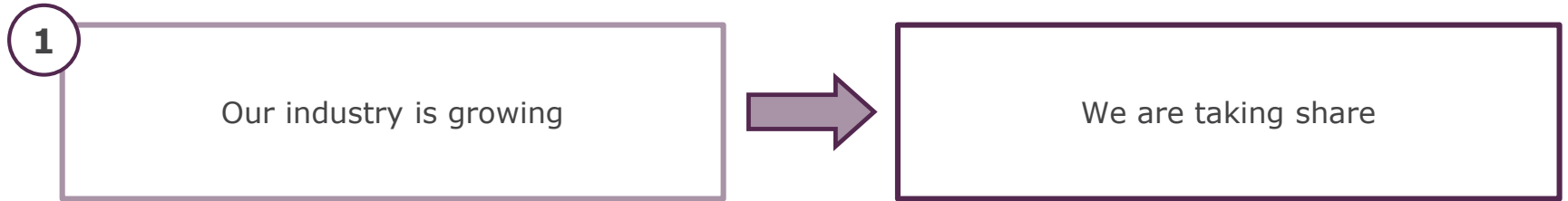
## Our Goal is to Exceed This Level of Performance

Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP. The estimated future pre-tax distributable earnings and book value per share are for illustrative, informational purposes only and are not representative of any actual results. This information is not intended to forecast or predict future events, but rather to show the hypothetical estimates calculated using the specific assumptions presented herein. Actual results may differ materially from these assumptions and estimates. See Legal Disclosures.

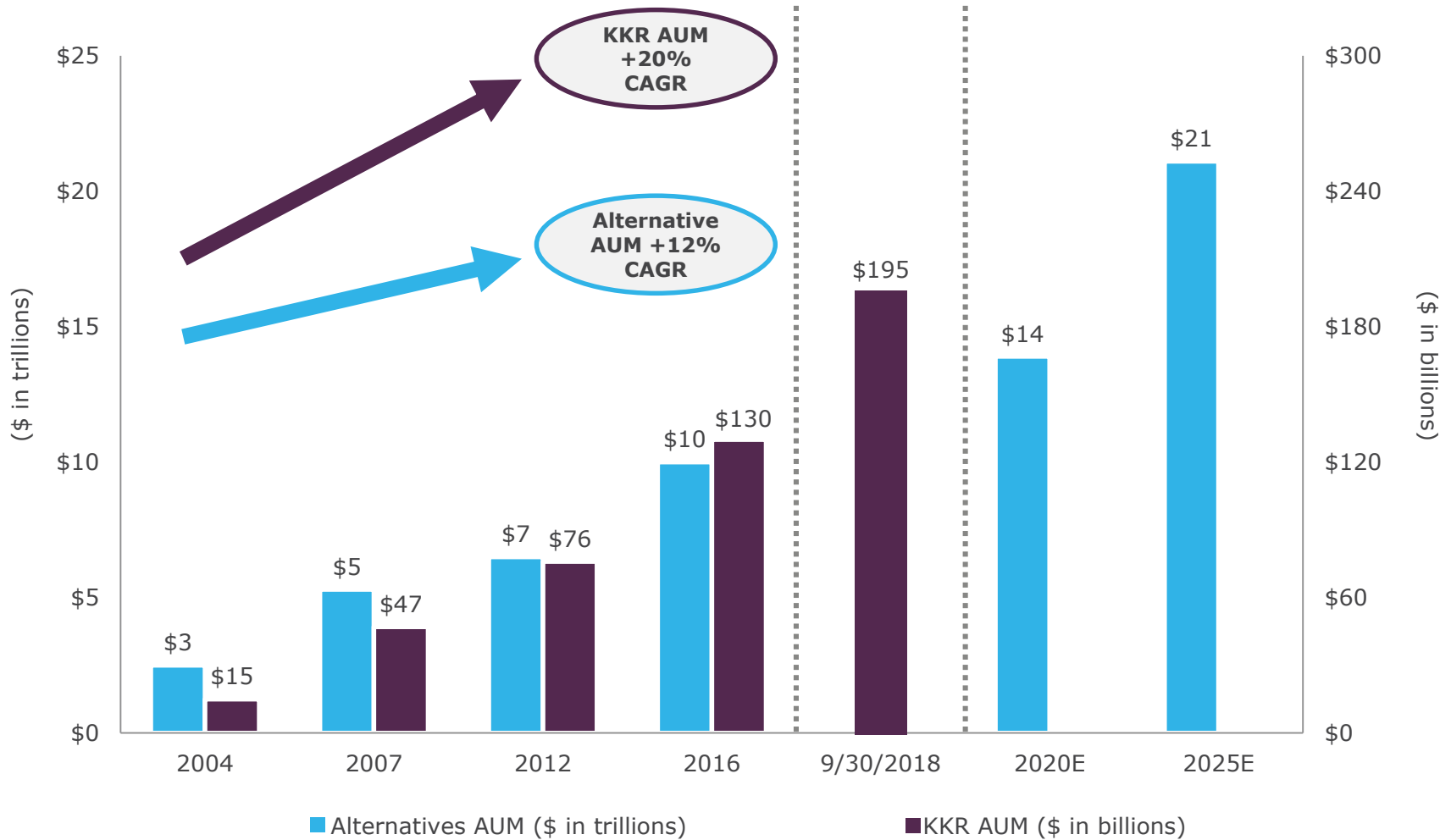
**KKR**

# Key Drivers of Value Creation

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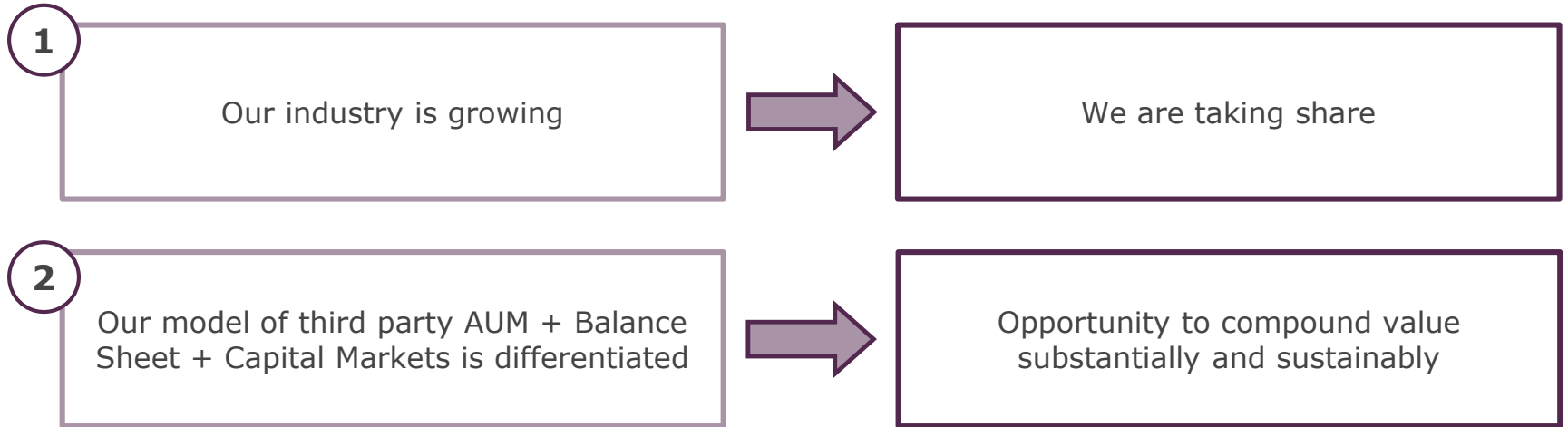
# 1 KKR is Taking Share



Source: PwC Asset & Wealth Management Revolution – Figure 4: Alternatives by type in USD trillion, October 2017.  
 Note: CAGRs from 2004 to 2016. KKR’s definition of AUM is different from PwC’s definition of AUM, and therefore the comparison between the two may not be directly comparable.

# Key Drivers of Value Creation

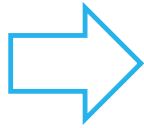
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## ② Our Model

Ways We Monetize Ideas



3<sup>rd</sup> Party  
Managed Capital



Balance  
Sheet



KKR Capital  
Markets

PE  
& Growth

Infra

Energy

Real  
Estate

Leveraged  
Credit

Alternative  
Credit

Core

Hedge  
Funds

Other Idea  
Originators  
/ JVs

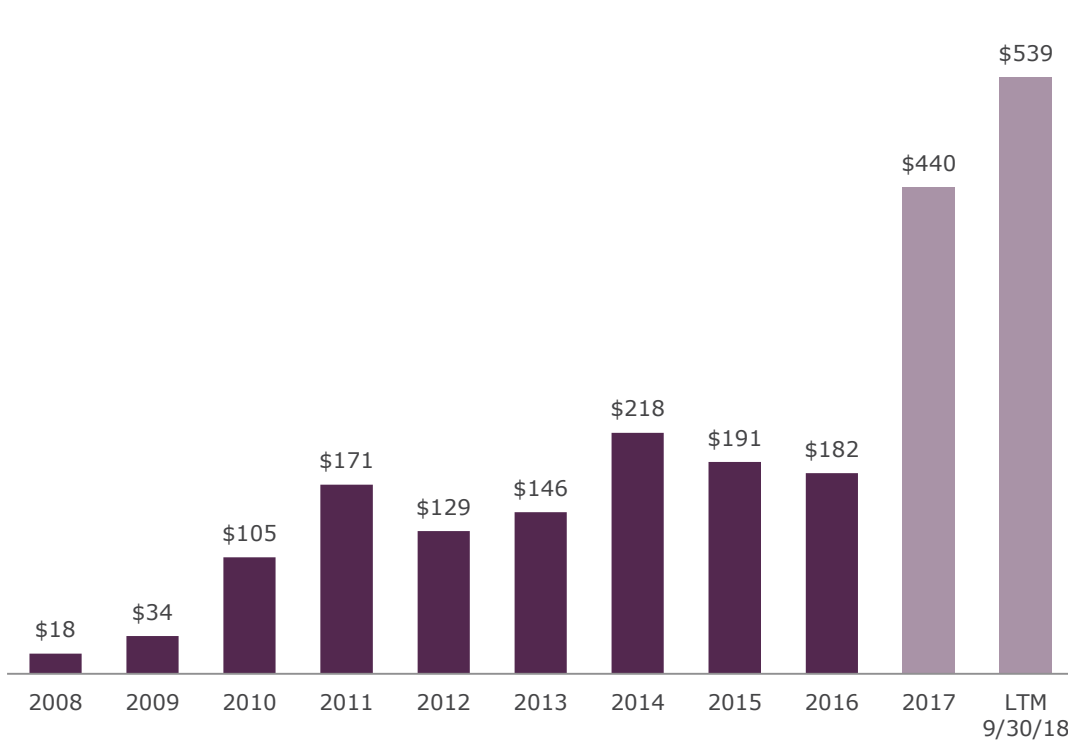
Strategic  
Partnerships /  
JVs / Other  
Relationships

Scale what we have that is or can be differentiated  
Partner with others who are best in class, who we can help and who can help us

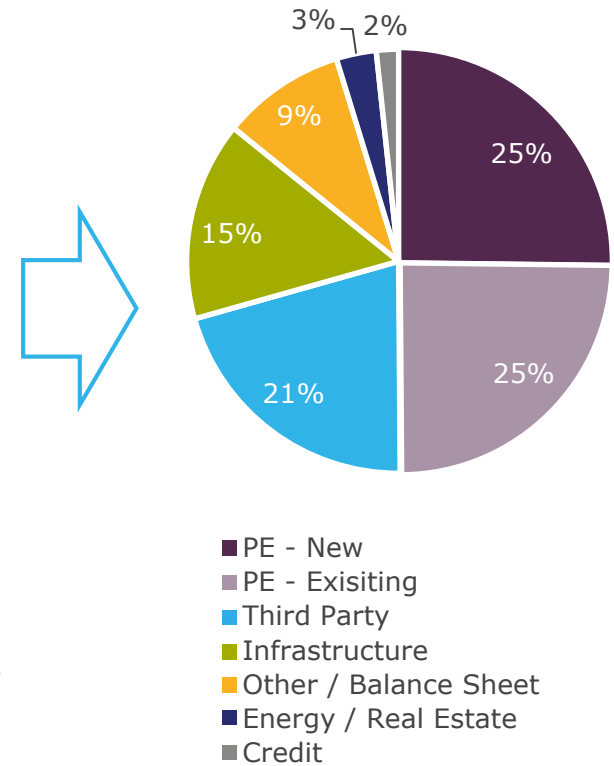
## 2 KKR Capital Markets Connectivity Across the Firm

(\$ in millions)

### Capital Markets Revenue:



### Source<sup>(1)</sup>:

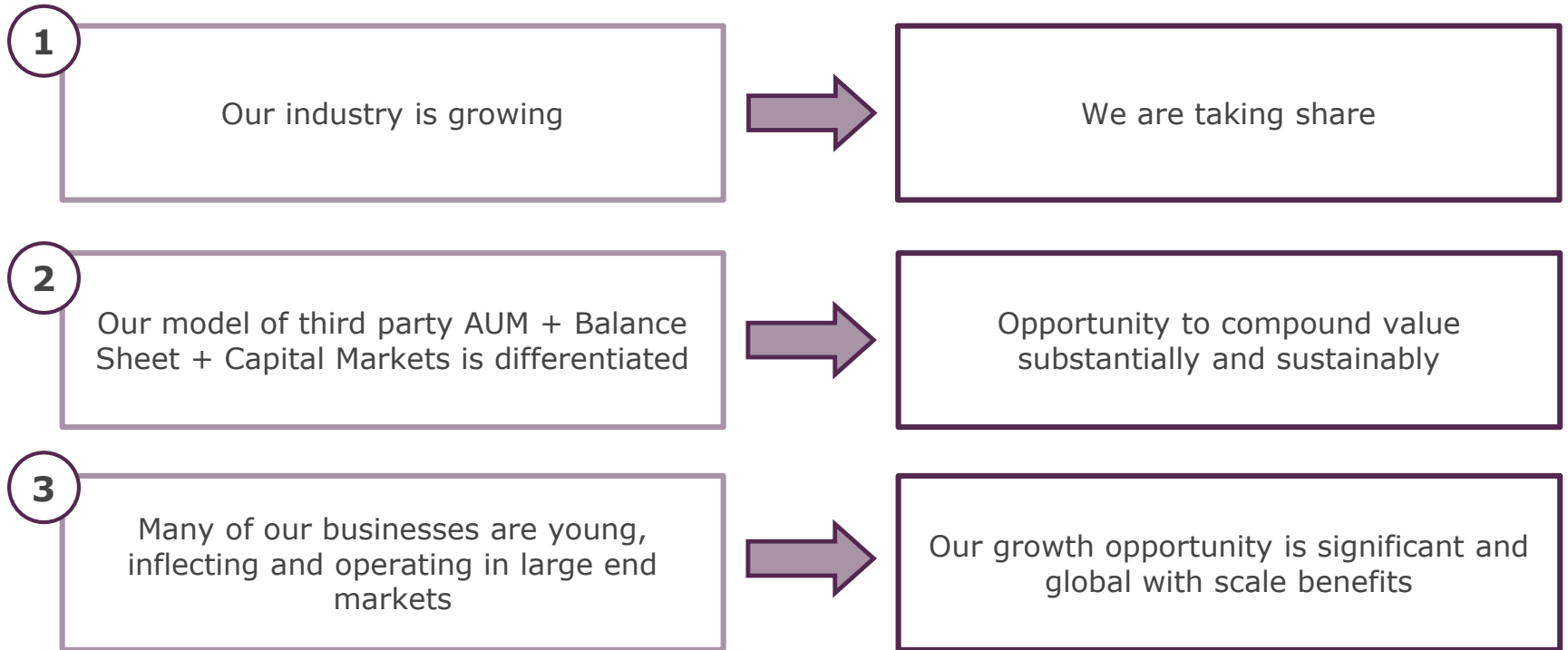


**Over \$800 million of revenue since 2017 from a diversified stream**

(1) Represents average annual revenue contribution by investment strategy for 2017 and year-to-date September 30, 2018.

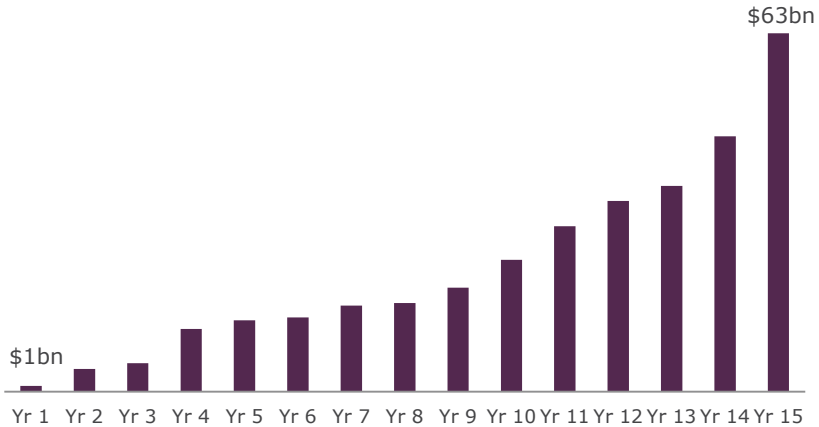
# Key Drivers of Value Creation

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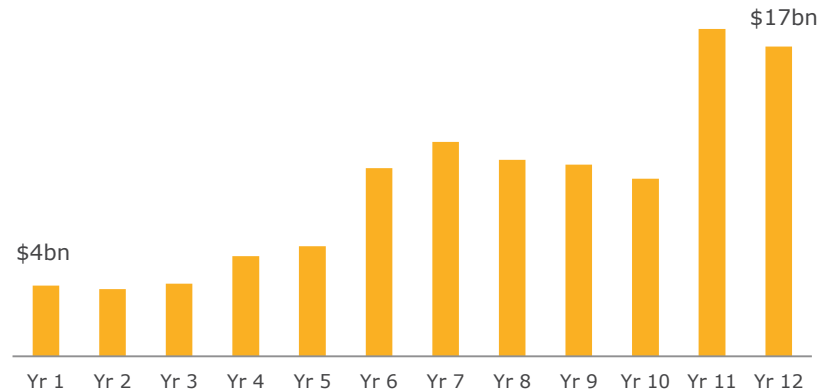


### 3 It Takes Time To Achieve Scale

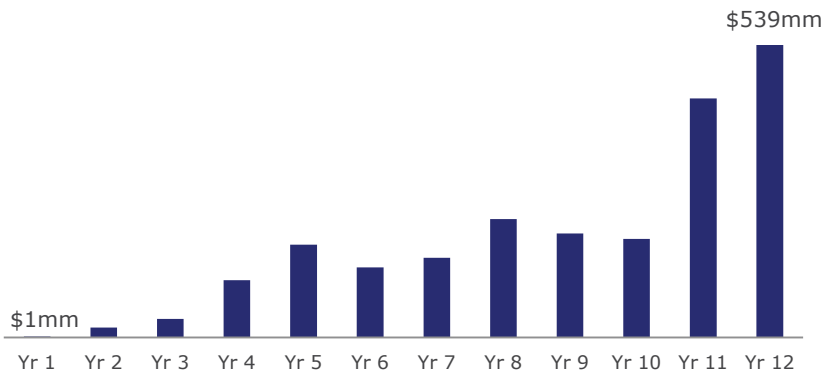
Credit - AUM



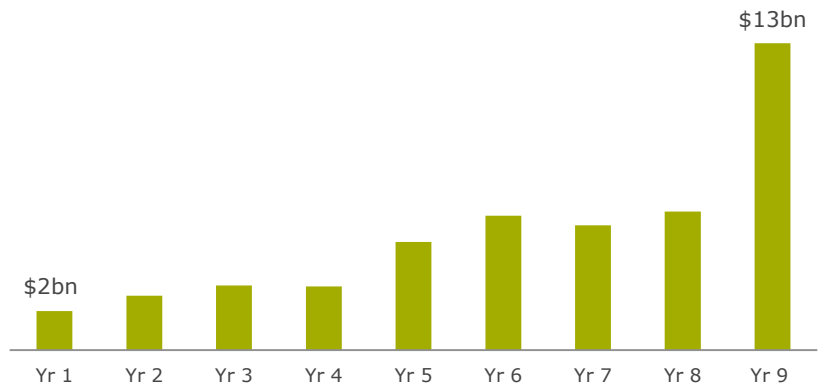
Asia Private Equity - AUM



KKR Capital Markets - Revenue



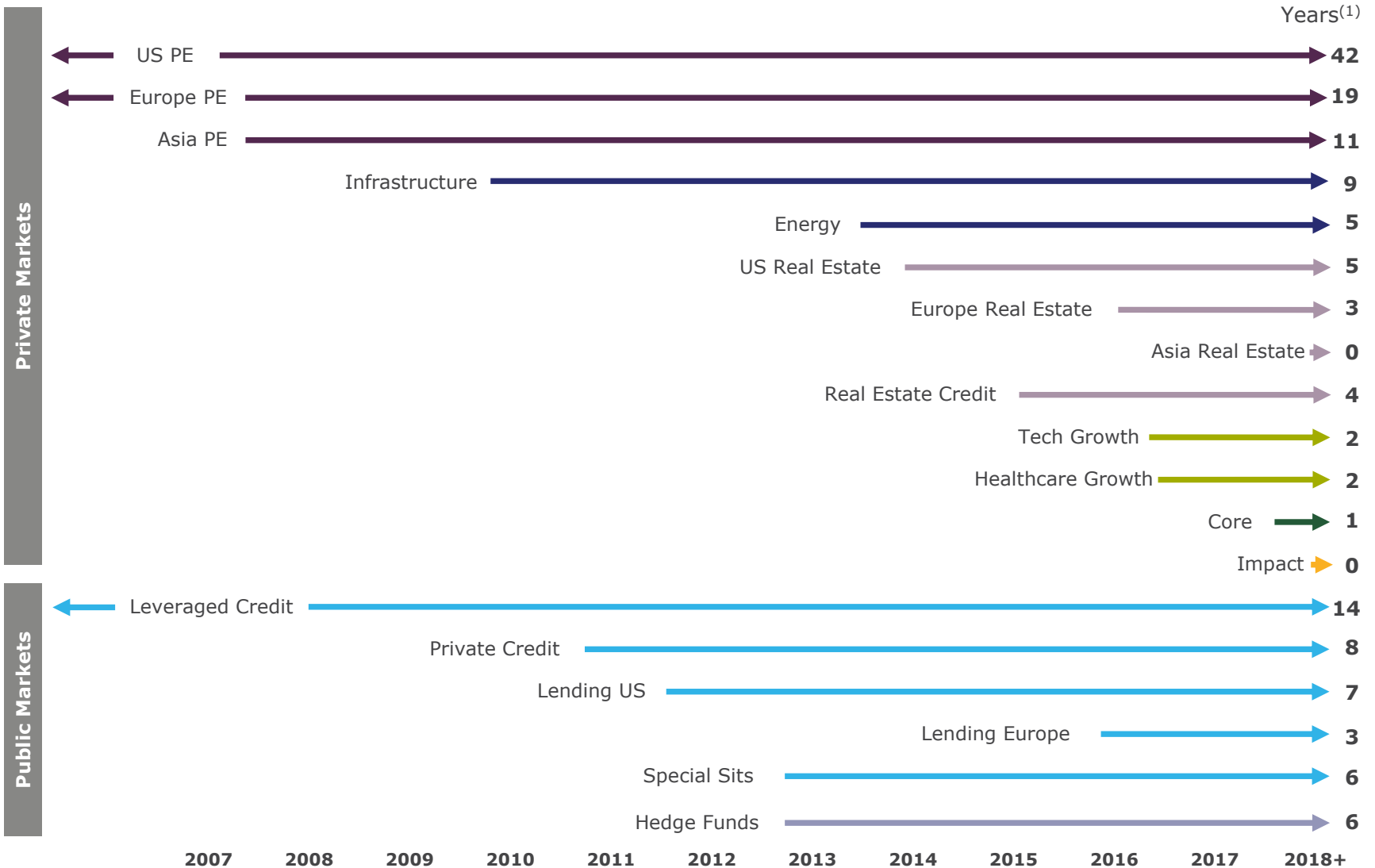
Infrastructure - AUM



**We Have Several Businesses in Their First 10 Years, With Significant Potential**

Note: The terminal year in each graph represents September 30, 2018 or LTM as of September 30, 2018 as applicable. All other years represent calendar year-end.

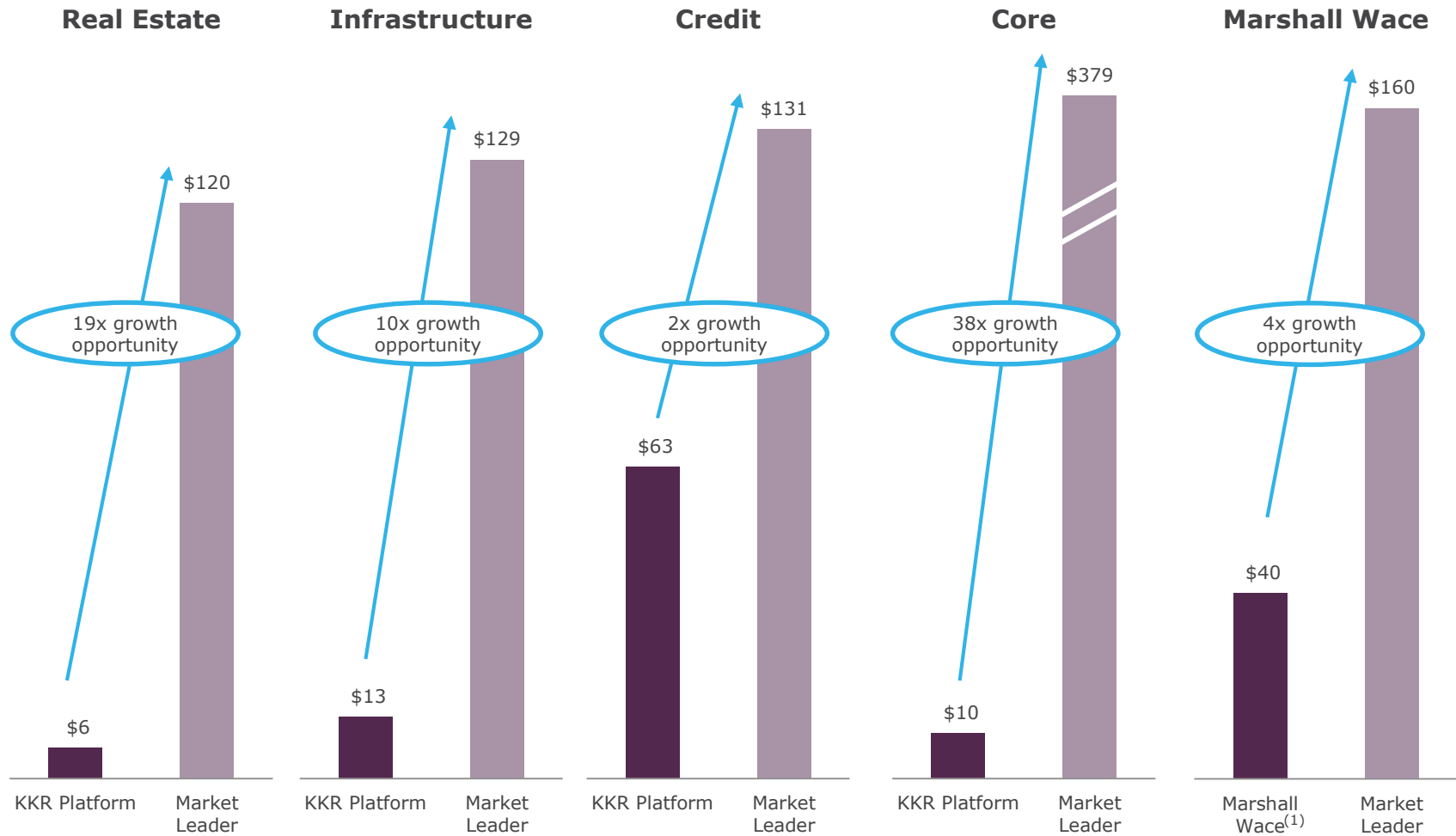
### 3 Multiple Young Strategies Ready to Scale



(1) Years since strategy inception.

# 3 Significant Opportunity to Reach Top 3 Player Status

(\$ in billions)



Note: All figures represent AUM as of September 30, 2018.  
 (1) Represents gross AUM, not KKR's pro rata portion of AUM.

# Key Drivers of Value Creation

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**42 Years of Superior Investment Performance**

## ④ Since Our July 1<sup>st</sup> Conversion to a C-Corp

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- ▶ **Mutual fund ownership has increased**
- ▶ **Hedge fund / broker dealer ownership has decreased**
- ▶ **The quality of our largest shareholders has improved significantly**
- ▶ **Index funds bought ~60 million shares**
- ▶ **We remain in the early stages of investor education – there is much more for us to do**



# Appendix

# Assumptions Per Investor Day

## ▶ Last 10 Years (2007 to March 31, 2018):

FPAUM	\$40bn	→	\$133bn <sup>(1)</sup>	→	13% CAGR
Management Fees	\$265mm	→	\$948mm	}	>\$1bn increase 16% CAGR
Capital Markets Fees	\$1mm	→	\$426mm		

## ▶ Looking Forward:

### FPAUM Growth Assumption<sup>(2)</sup>

- FPAUM – **8% CAGR**

Conservative growth compared to our historical profile

\$25bn of capital commitments in current AUM not yet earning economics (will transition to FPAUM as invested)

### Gross Investment Returns Assumptions <sup>(2)</sup>

- |  |                |  |                   |
|--|----------------|--|-------------------|
| <ul style="list-style-type: none"> <li>Private Equity</li> <li>Growth</li> </ul> | } <b>17.5%</b> | <ul style="list-style-type: none"> <li>Real Estate Equity</li> <li>Infrastructure</li> <li>Energy</li> <li>Core</li> <li>Alternative Credit</li> </ul> | } <b>13 – 15%</b> |
| <ul style="list-style-type: none"> <li>Leveraged Credit</li> </ul>               | <b>5%</b>      |  |                   |

Conservative return assumptions compared to our historical profile

**Our Goal is to Exceed This Level of Performance**

(1) \$133 billion of FPAUM represents \$119.7 billion of FPAUM as reported for the quarter ended March 31, 2018, plus \$13.2 billion of FPAUM attributable to the FS Strategic BDC partnership which closed in April 2018.  
 (2) The assumptions are for illustrative, informational purposes only and are not representative of any actual results. This information is not intended to forecast or predict future events, but rather to show the hypothetical estimates calculated using the specific assumptions presented herein. Actual results may differ materially from these assumptions and estimates. See Legal Disclosures.

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

	Twelve Months Ended	
	September 30, 2018	
<b>Net Income (Loss) Attributable to KKR &amp; Co. Inc. Class A Common Stockholders</b>	<b>\$</b>	<b>1,657,070</b>
Add: Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P.		1,018,395
Add: Equity-based and Other Compensation - KKR Holdings L.P.		101,342
Add: Amortization of Intangibles and Other, net		123,059
Add: One-time Non-recurring Costs		11,501
Add: Realized Losses on Certain Investments		729,425
Deduct: Unrealized Carried Interest		404,665
Deduct: Net Unrealized Gains (Losses)		1,783,324
Add: Unrealized Performance Income Compensation		171,815
Deduct: Gain from Remeasurement of Tax Receivable Agreement Liability		67,221
Add: Income Tax Provision		96,022
<b>Pre-tax Distributable Earnings</b>	<b>\$</b>	<b>1,653,419</b>

Note: Amounts in thousands.

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

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	As Of
	September 30, 2018
KKR & Co. Inc. Stockholders' Equity – Common Stockholders	\$ 8,524,213
Impact of Consolidation of Investment Vehicles and Other Entities	253,662
Noncontrolling Interests held by KKR Holdings L.P. and Other	5,064,615
Other Reclassifications	(17,446)
Equity Impact of KKR Management Holdings Corp.	-
<b>Book Value</b>	<b>\$ 13,825,044</b>
Outstanding Adjusted Shares	828,700,402
<b>Book Value per Outstanding Adjusted Share</b>	<b>\$ 16.68</b>

Note: Amounts in thousands, except adjusted shares and book value per share amounts. Weighted Average Adjusted Shares is for the quarter ended September 30, 2018.

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# Legal Disclosures

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Additional information about factors affecting KKR, including a description of risks that may be important to a decision to purchase or sell any common units of KKR & Co. Inc., can be found in KKR & Co. Inc.'s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and its other filings with the SEC, which are available at [www.sec.gov](http://www.sec.gov).

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