

# 2<sup>nd</sup> Quarter Earnings Conference Call

KKR & Co. L.P. Investor Update

July 27, 2017

# 2Q17 Reflections | Fundamentals Are Strong

(Dollars in mm, except per unit amounts and unless otherwise stated)

	Q2 2017	LTM	Notes
After-tax Economic Net Income <sup>(1)</sup> <i>Margin</i>	\$753 59%	\$2,240 56%	• LTM ROE on an after-tax ENI basis of 23% <sup>(2)</sup>
After-tax Distributable Earnings <sup>(1)</sup> <i>Margin</i>	\$322 49%	\$1,520 51%	• LTM ROE on an after-tax DE basis of 15% <sup>(3)</sup>
Fee Related Earnings <sup>(1)</sup>	\$214	\$695	• Q2 2017 +56% compared to Q2 2016
Book Value/Adjusted Unit <sup>(1)</sup>	\$13.50		• +19% on a year-over-year basis • \$11.4bn of cash and investments <sup>(4)</sup>
Fee Paying AUM	\$113bn		• +19% on a year-over-year basis
Assets Under Management	\$148bn		• +13% on a year-over-year basis

(1) See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

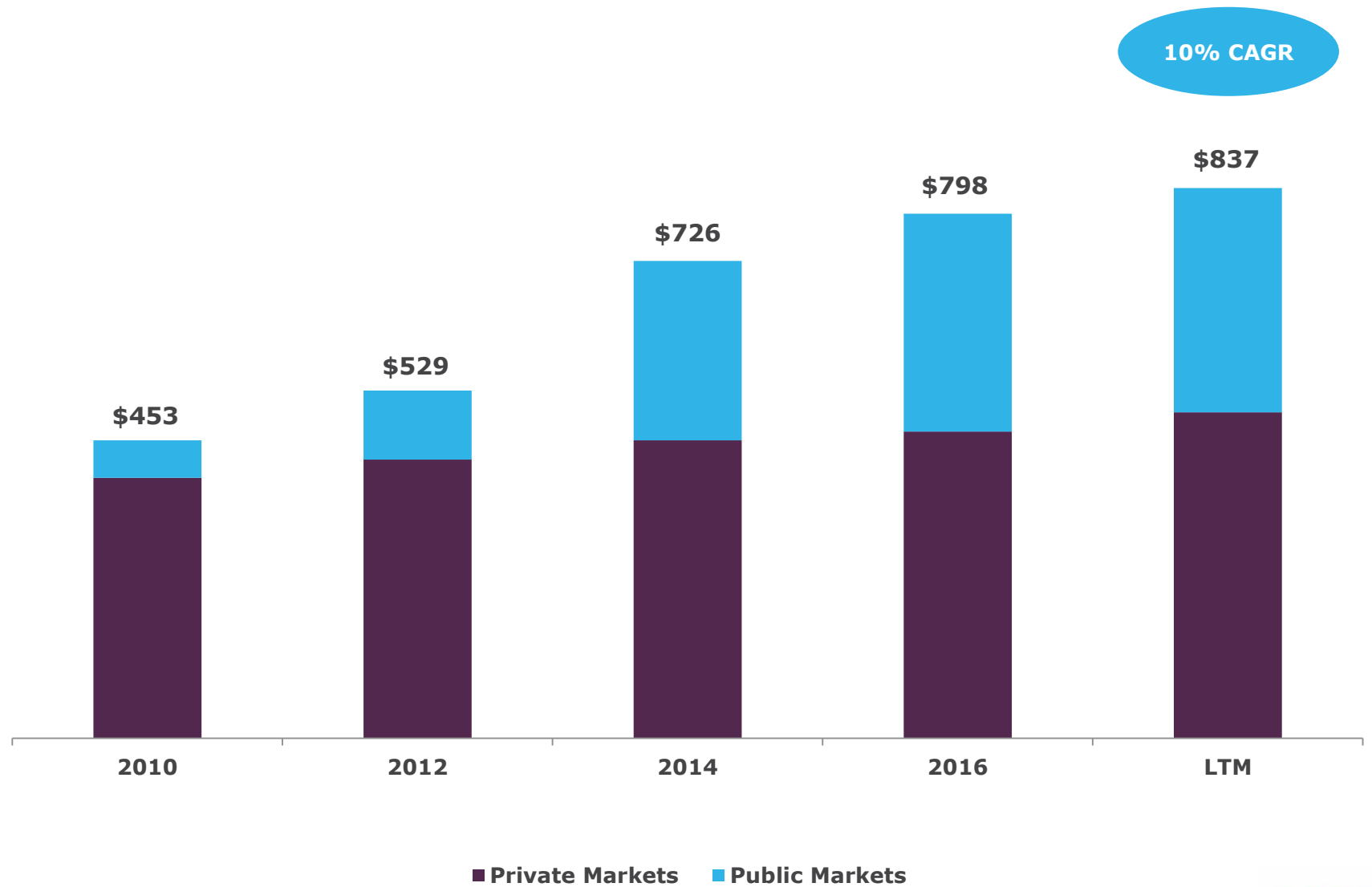
(2) Return on Equity (After-tax Economic Net Income (Loss)) measures the amount of after-tax economic net income generated as a percentage of capital invested in KKR's business. Return on equity is calculated by dividing after-tax economic net income (loss) on a trailing twelve-month basis by the average book value during the period.

(3) Return on Equity (After-tax Distributable Earnings) measures the amount of income excluding the impact of mark-to-market gain (losses) generated as a percentage of capital invested in KKR's business. It is calculated by dividing after-tax distributable earnings on a trailing twelve-month basis by the average book value during the period.

(4) Represents Cash and Short-term Investments and Investments. Excludes Unrealized Carry, Other Assets and Corporate Real Estate.

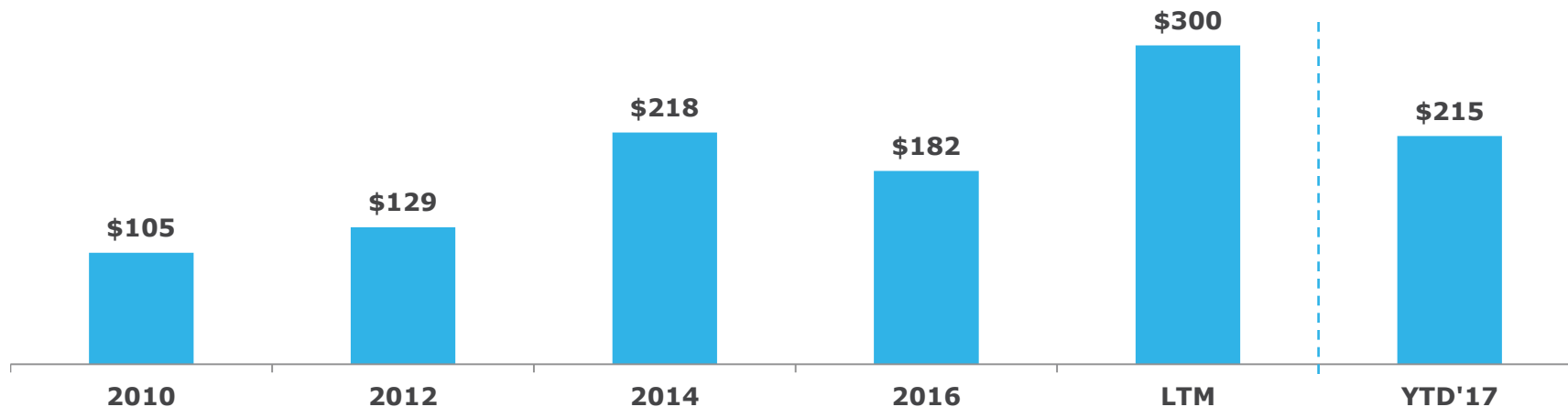
# Management Fee Growth and Diversity

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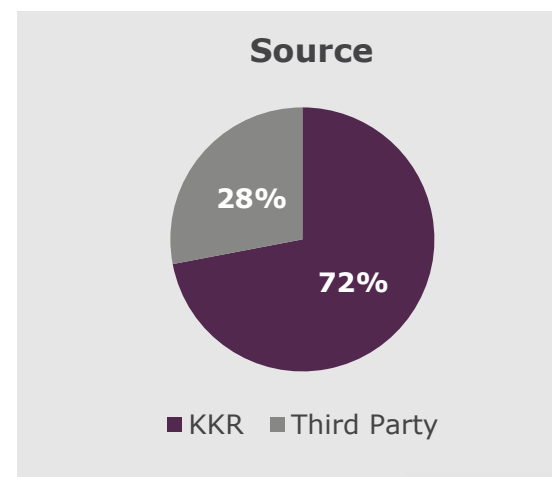
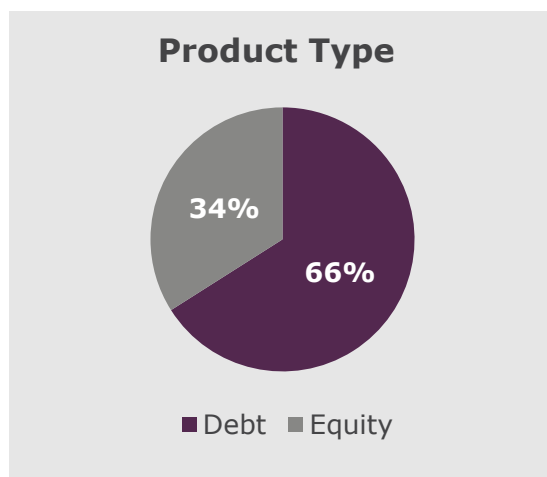
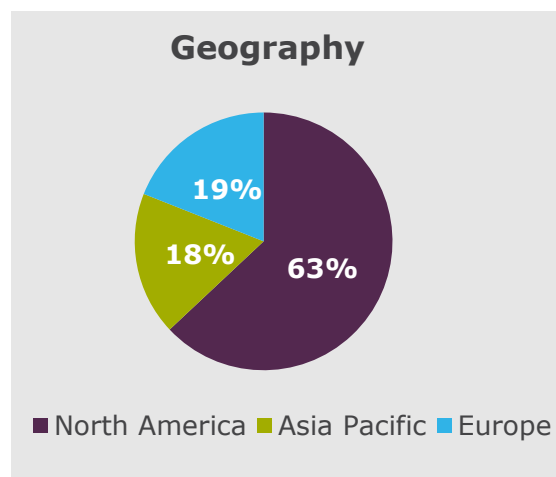


# Capital Markets Revenue Growth and Activity

## Capital Markets Transaction Fees

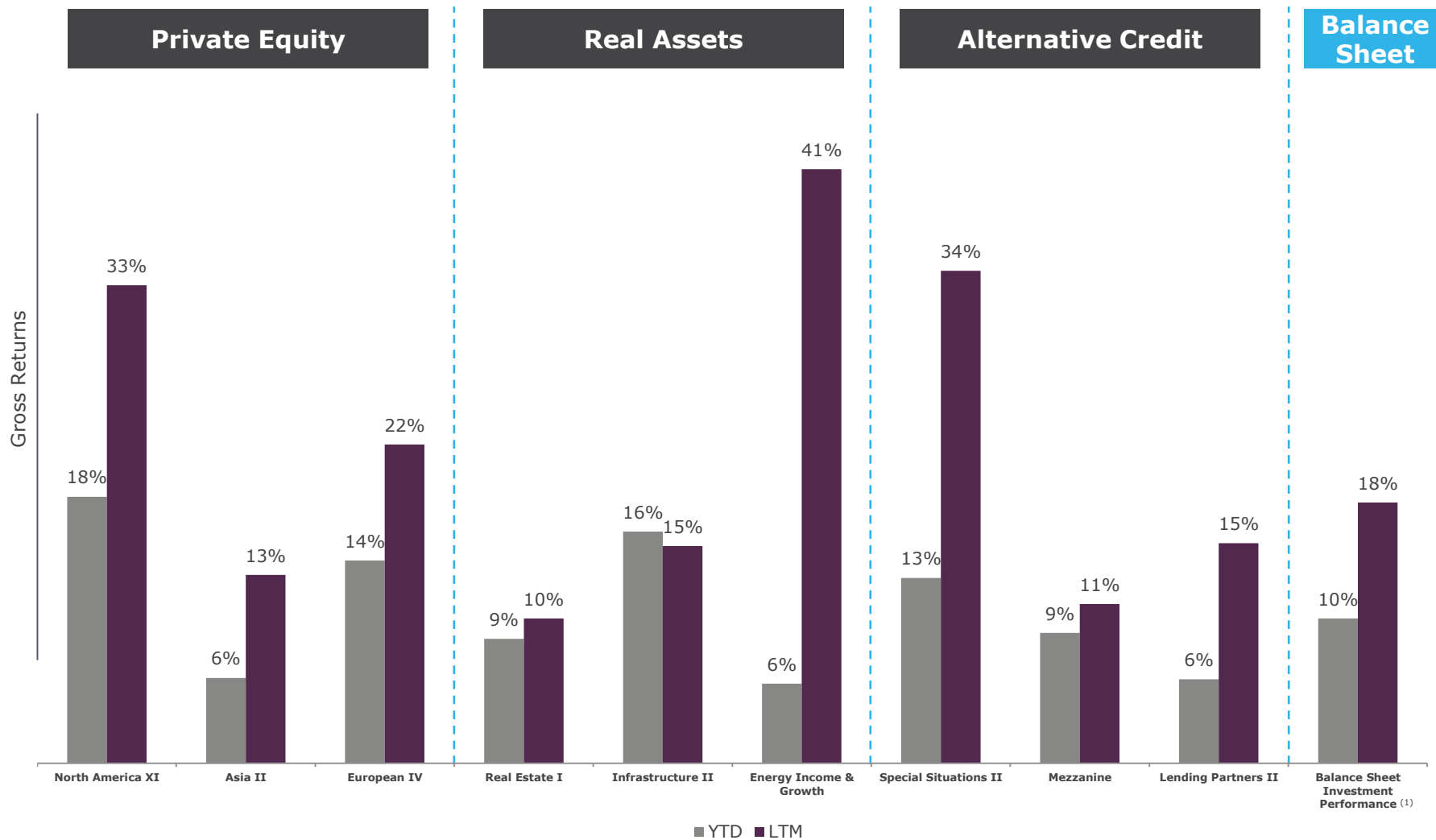


## LTM Revenue Contribution by Area



Note: Geography, Product Type and Source figures reflect activity on a trailing twelve month basis as of June 30, 2017.

# \$1B+ Carry Paying Funds & Balance Sheet Performance



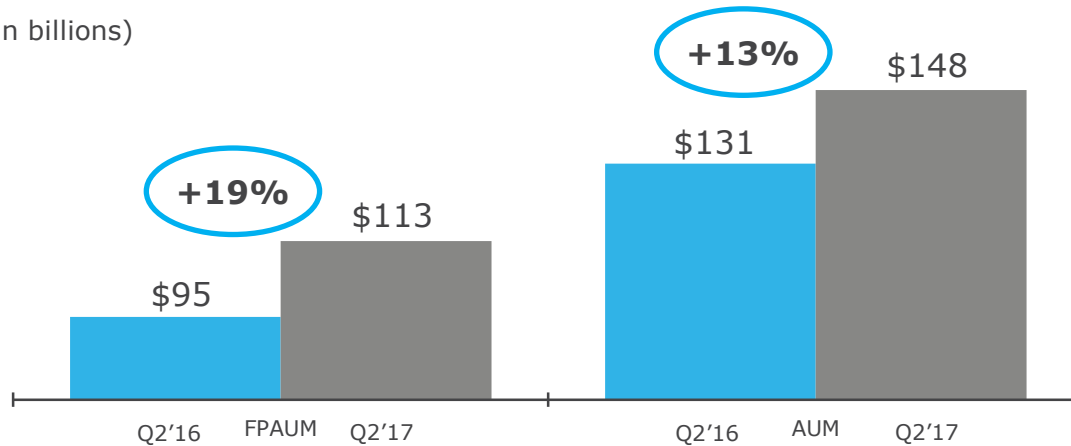
Note: The strategies shown above consist of KKR's strategies that generate carry. The funds shown within each strategy represent the flagship funds within each sub-strategy with at least \$1 billion in committed capital and that have been investing for at least two years. For Private Equity the funds 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 15 of KKR's second quarter earnings release, dated July 27, 2017. Past performance is no guarantee of future results.

(1) Performance of balance sheet investment portfolio excludes Cash and Short-term Investments

# Healthy Level of New Capital Raised

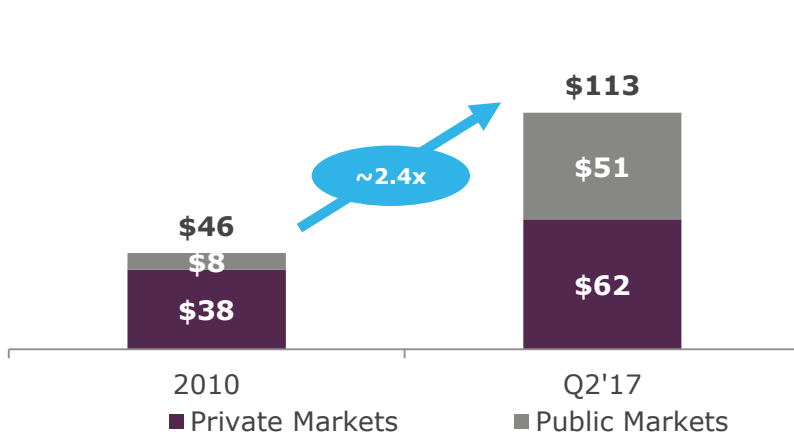
## Year-Over-Year Capital Inflows Driving Asset Growth

(\$ in billions)

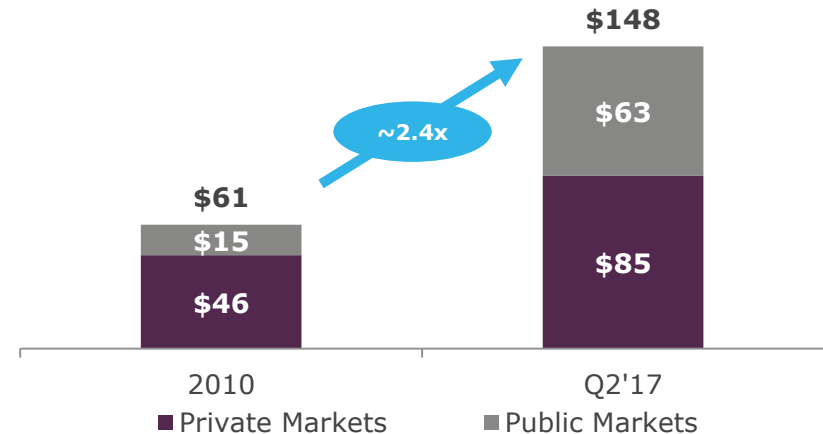


~\$25 billion of new capital raised organically in the last twelve months

### FPAUM Growth Profile



### AUM Growth Profile



Note: AUM and FPAUM reflect the inclusion of KKR's pro rata portion of AUM or FPAUM, as applicable, of other asset managers in which KKR holds a minority stake. In addition, AUM includes capital commitments for which KKR is eligible to receive fees or carried interest upon deployment of capital in the future.

# Core Fundamentals Drive Firm-Wide Performance

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## Generate strong investment performance



- Positive Q2 performance across fund strategies overall
- Balance sheet investment performance +5% in Q2, +18% over LTM

## Continue to raise capital



- \$25 billion in organic new capital raised in the last twelve months
- FPAUM +19% year-over-year
- AUM +13% year-over-year

## Deploy capital in attractive opportunities




- \$4.9 billion deployed globally in Q2

## Monetize existing investments



- After-tax Distributable Earnings<sup>(1)</sup> of \$322 million in Q2, ~\$1.5 billion over LTM
- Secondary and strategic sales drove monetization events at 16 portfolio companies in Q2

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



- Significant level of Capital Markets fees in the quarter together with significant fund deployment
- LTM ROE of 23% on an After-tax ENI basis
- LTM ROE of 15% on an After-tax DE basis

# Appendix

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# Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to After-tax Economic Net Income (Loss)

	Quarter Ended June 30, 2017	Twelve Months Ended June 30, 2017
<b>Net income (loss) attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$405,646</b>	<b>\$1,188,110</b>
Plus: Preferred Distributions	8,341	33,224
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	305,280	932,765
Plus: Non-cash equity-based charges	87,940	339,386
Plus: Amortization of intangibles, placement fees and other, net	4,524	(17,932)
Plus: Income taxes (benefit)	18,538	75,706
<b>Economic Net Income (Loss)</b>	<b>830,269</b>	<b>2,551,259</b>
Less: Equity-based compensation associated with the KKR & Co. L.P. 2010 equity incentive plan	44,976	183,159
<b>Pre-tax Economic Net Income (Loss)</b>	<b>785,293</b>	<b>2,368,100</b>
Less: Provision for income tax (benefit)	24,408	95,009
Less: Preferred Distributions	8,341	33,224
<b>After-tax Economic Net Income (Loss)</b>	<b>752,544</b>	<b>2,239,867</b>

Note: Amounts in thousands

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# Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to Economic Net Income (Loss) and After-tax Distributable Earnings

	Quarter Ended June 30, 2017	Twelve Months Ended June 30, 2017
<b>Net income (loss) attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$405,646</b>	<b>\$1,188,110</b>
Plus: Preferred Distributions	8,341	33,224
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	305,280	932,765
Plus: Non-cash equity-based charges	87,940	339,386
Plus: Amortization of intangibles, placement fees and other, net	4,524	(17,932)
Plus: Income taxes (benefit)	18,538	75,706
<b>Economic Net Income (Loss)</b>	<b>830,269</b>	<b>2,551,259</b>
Less: Total investment income (loss)	335,967	1,132,206
Less: Net performance income (loss)	332,320	909,635
Plus: Net interest and dividends	20,810	84,499
Plus: Realized performance income (loss), net	155,375	781,150
Plus: Net realized gains (losses)	7,180	257,678
Less: Income taxes paid	15,084	79,760
Less: Preferred Distributions	8,341	33,224
<b>After-tax Distributable Earnings</b>	<b>\$321,922</b>	<b>\$1,519,761</b>

Note: Amounts in thousands

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# Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to Economic Net Income (Loss) and Fee Related Earnings

	Quarter Ended June 30, 2017	Twelve Months Ended June 30, 2017
<b>Net income (loss) attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$405,646</b>	<b>\$1,188,110</b>
Plus: Preferred Distributions	8,341	33,224
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	305,280	932,765
Plus: Non-cash equity-based charges	87,940	339,386
Plus: Amortization of intangibles, placement fees and other, net	4,524	(17,932)
Plus: Income taxes (benefit)	18,538	75,706
<b>Economic Net Income (Loss)</b>	<b>830,269</b>	<b>2,551,259</b>
Plus: Income attributable to segment noncontrolling interests	1,180	3,858
Less: Total investment income (loss)	335,967	1,132,206
Less: Net performance income (loss)	332,320	909,635
Plus: Expenses of Principal Activities Segment	51,195	181,730
<b>Fee Related Earnings</b>	<b>\$214,357</b>	<b>\$695,006</b>

Note: Amounts in thousands

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# Reconciliation of KKR & Co. L.P. Capital – Common Unitholders (GAAP Basis) to Book Value per Outstanding Adjusted Unit

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	<b>As Of June 30, 2017</b>
<b>KKR &amp; Co. L.P. Capital – Common Unitholders</b>	<b>\$6,212,556</b>
Impact of consolidation of investment vehicles and other entities	137,831
Noncontrolling interests held by KKR Holdings L.P. and other	4,770,678
Other Reclassifications	(17,446)
Equity impact of KKR Management Holdings Corp.	(130,126)
<b>Book value</b>	<b>\$10,973,493</b>
Outstanding adjusted units	812,962,176
<b>Book Value per adjusted unit</b>	<b>\$13.50</b>

Note: Amounts in thousands, except adjusted units and book value per unit amounts.

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