

KKR

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Sector Head: Aidan Milroy

Acquire:
KKR

Current Price:
\$75.12

Target Price:
\$87.53

Upside:
16.53%

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Company Overview

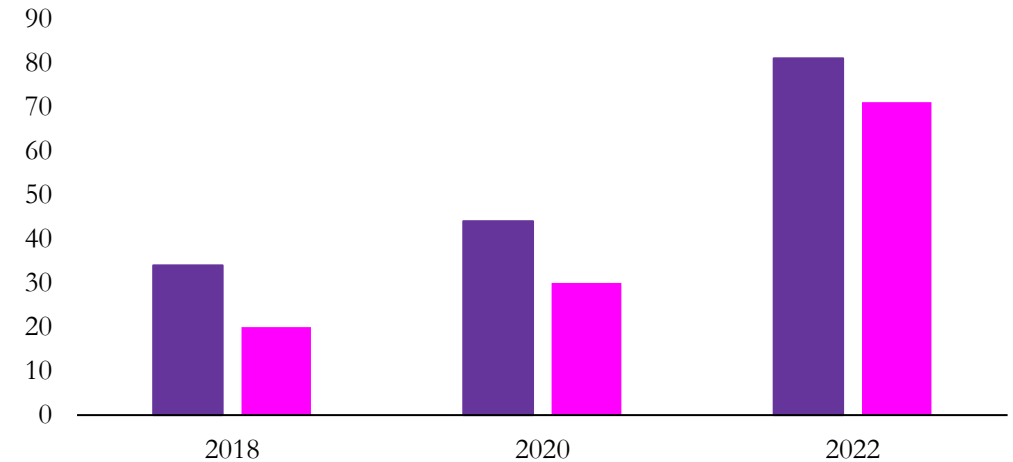
Company Description

Multinational alternative investment management firm with global operations

Specialize in Private Equity, Real Estate, Credit, Infrastructure, Energy, and Hedge Funds

Offices in 16 countries, and 21 cities spanning across 5 continents headquartered in New York City

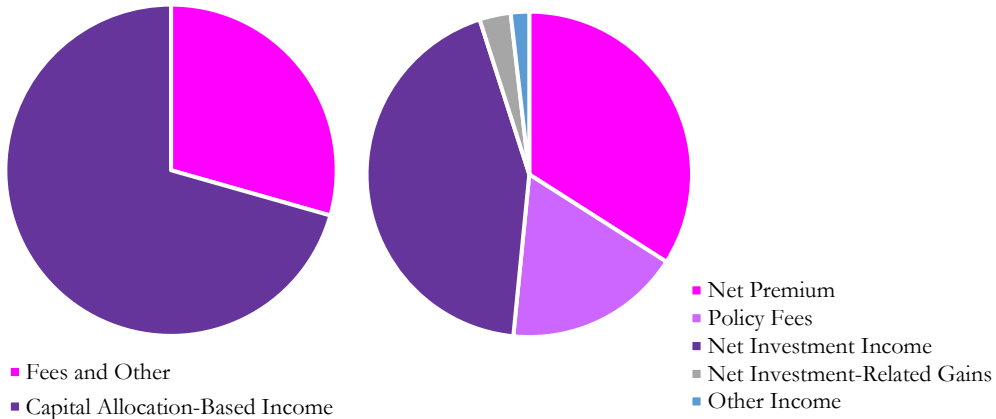
Capital Raised & Capital Invested (\$bn)



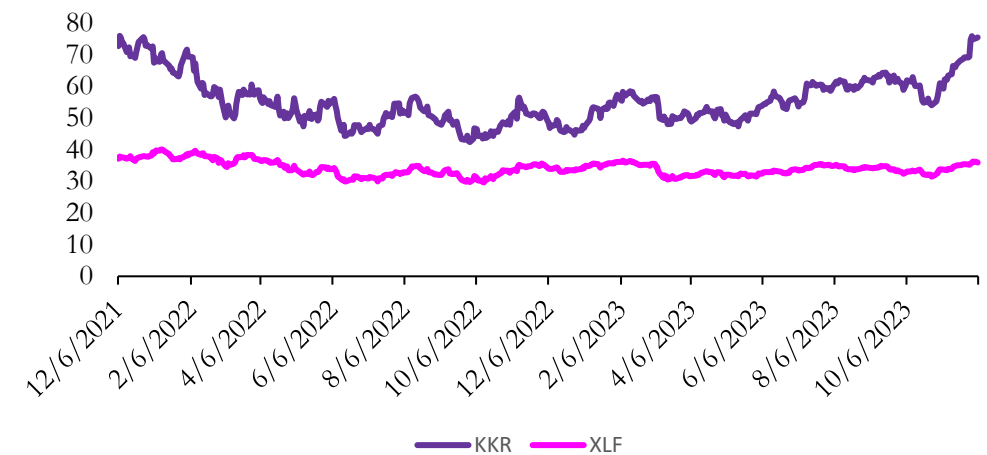
Revenue Segments (\$Mn)

Asset Management

Insurance



Stock Performance



Industry Overview

Emerging Trends

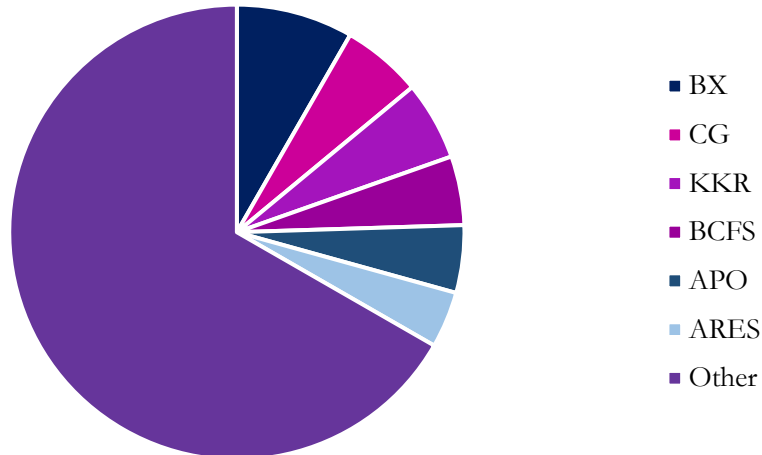
<p>1</p> <p>Private Credit & Direct Lending</p>	<p>2</p> <p>Increased focus on Intl. Markets</p>	<p>3</p> <p>ESG becoming a greater priority</p>
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Competitors

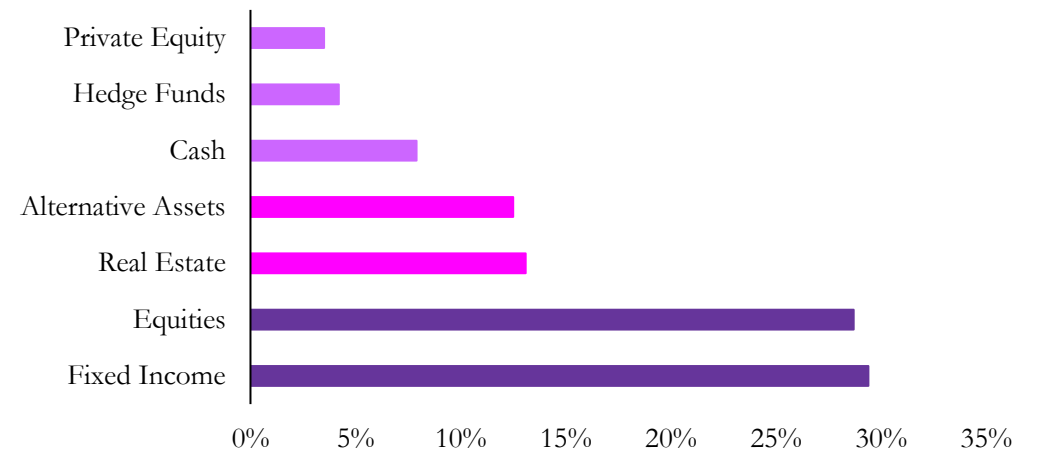
APOLLO  ARES

Blackstone  THE CARLYLE GROUP

Market Share



Global AUM Breakdown (\$tn)



Investment Thesis

**Surge in Demand for
Private Credit**

**Increasing International
Presence**

**Competitive Advantage
Due to Capital Intensive
BS**

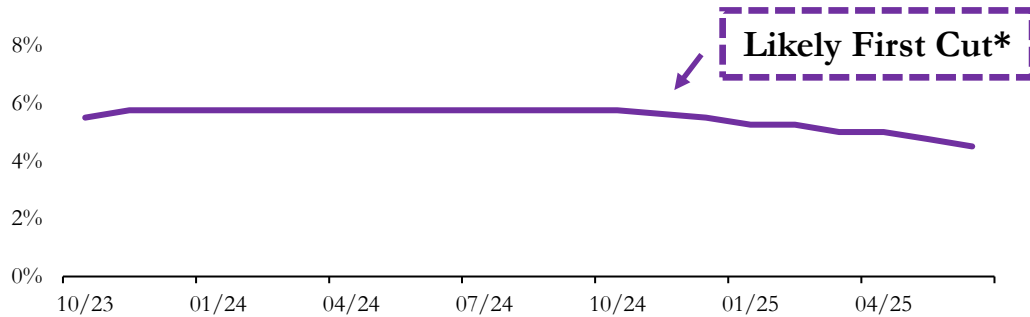
Private Credit Surge

Private Credit

Private Credit is a form of financing in which funding is not from traditional banks but rather from PE firms, hedge funds, pension funds, etc and through 3 main forms

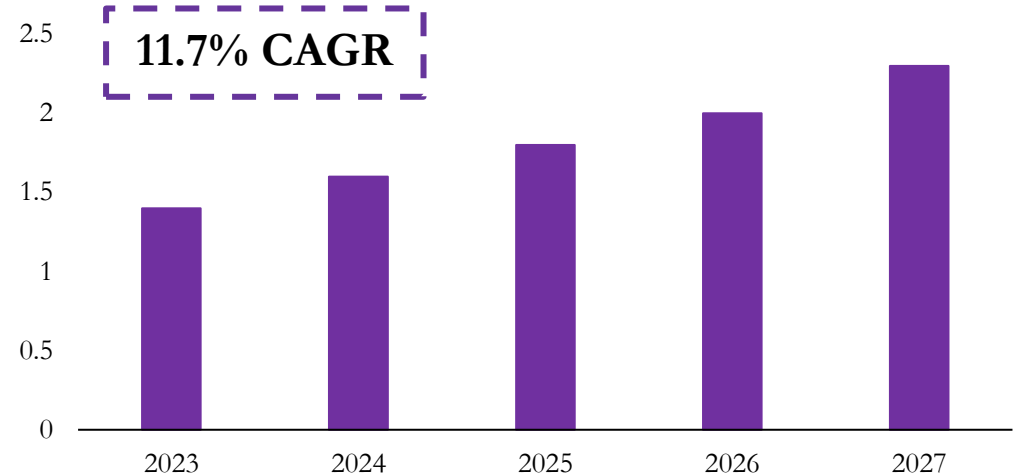
- 1 Equity
- 2 Senior Secured Loan & ABF
- 3 Mezzanine Financing

Asset-Based Financing Competitive Advantage

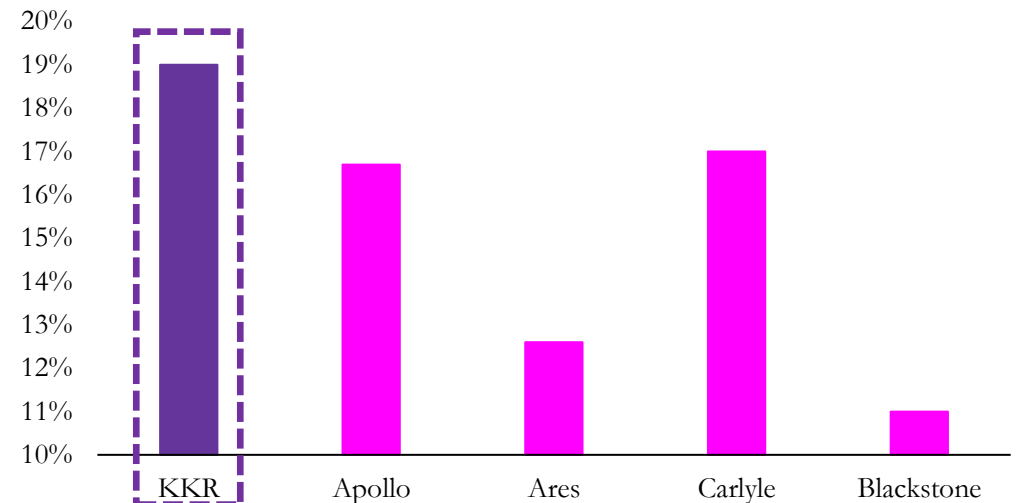


With rates appearing to remain **high** having ABF is much **preferred** especially during times of macroeconomic **uncertainty**

Private Credit TAM (\$tn)



ABF as % of Total AUM



Strong Asia Presence

Asia Growth



Accounts for more than half the total global GDP Growth

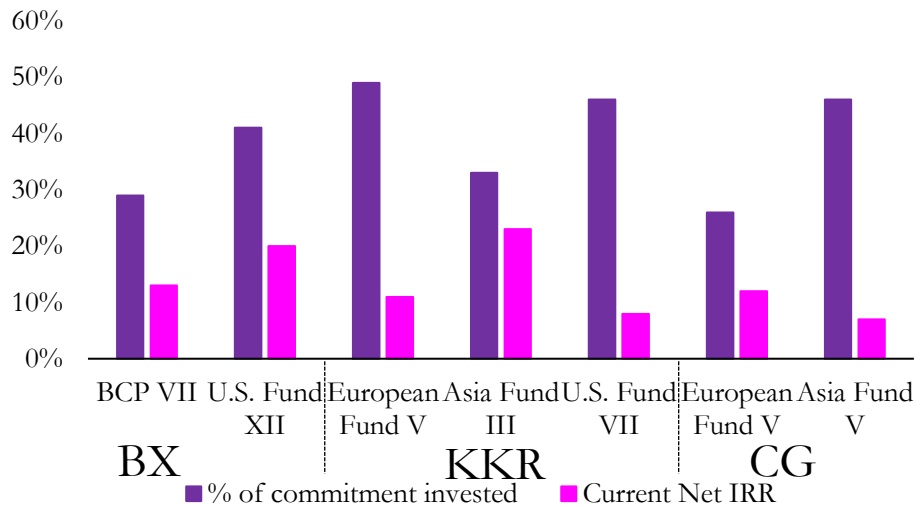


Underrepresented in Alternative Investments

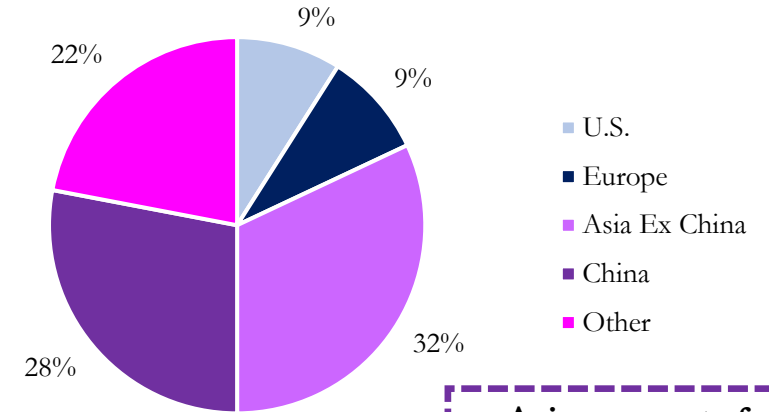


KKR Asia's business is 2x the size of their nearest competitor

KKR Asia Fund Bright Future



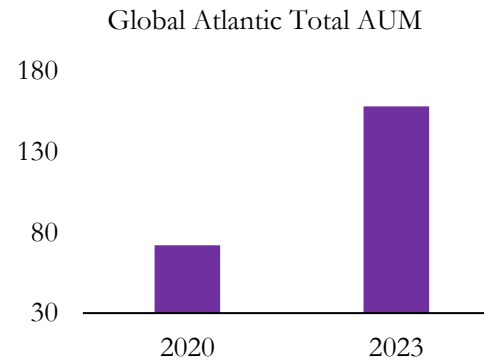
5yr Projected Global Real GDP Growth (%)



Asia accounts for more than half

Global Atlantic Partnerships

In 2020 KKR acquired 67% of Global Atlantic and just recently acquired the remaining 33% for full ownership



Partnerships in Asia:

- Japan Post Insurance
- Sumitomo Life Insurance
- Korea Life Insurance
- AXA China

Capital Intensive Balance Sheet

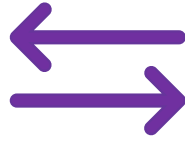
Market Dislocation



A **looming recession** is potentially on the horizon



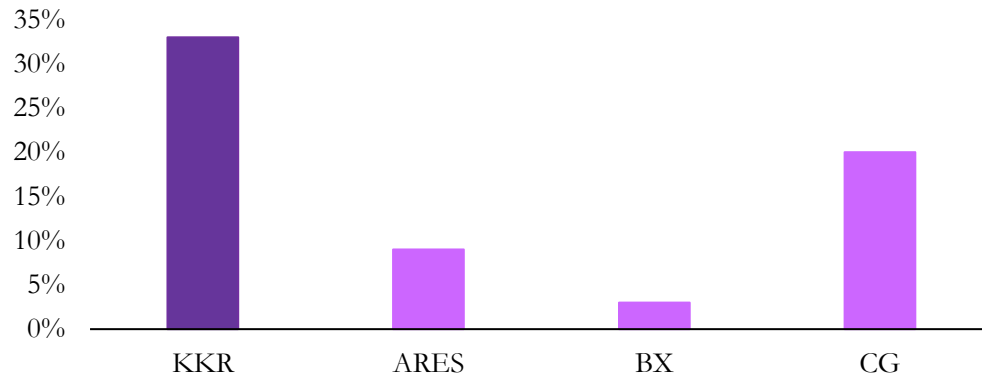
Rising Geopolitical Tensions may cause trade wars with conflicts escalating



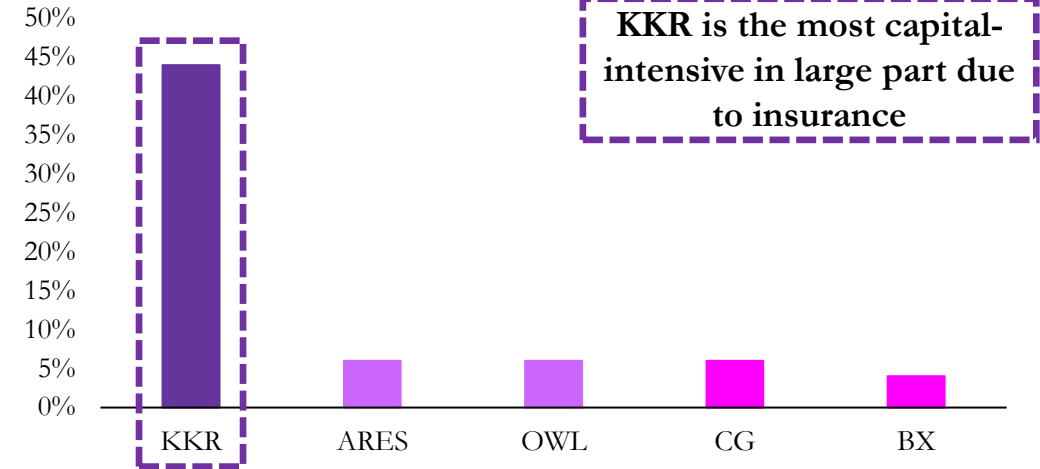
Upcoming elections may result in **policy changes** resulting in massive volatility

Principal Investment Portfolio as % of Mkt Cap

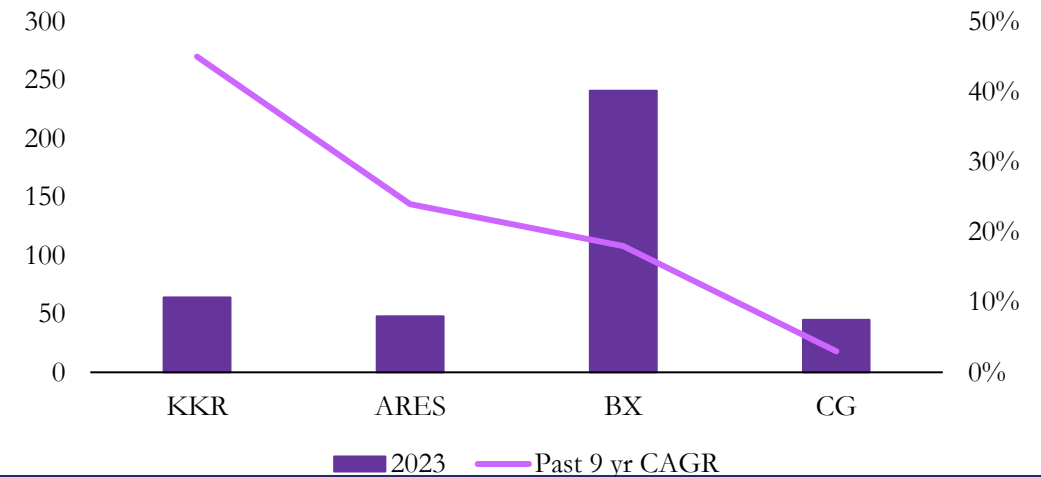
With access to more capital due to aggressive BS use, KKR has posted strong returns boding well for future success



KKR BS Assets as % of Total AUM

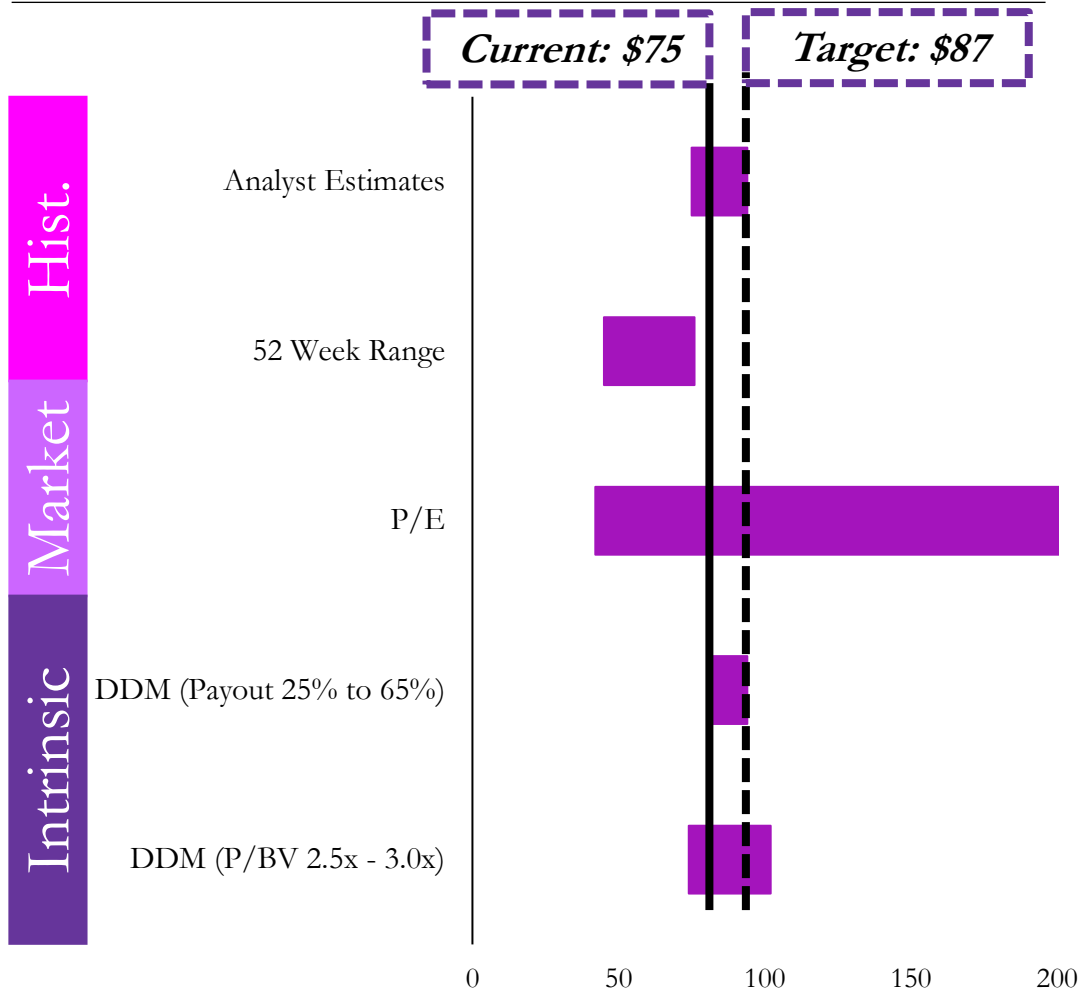


Real Estate AUM (\$bn)



Valuation

Football Field



Analyst Ratings

KBW	\$90
Morgan Stanley	\$75
Goldman Sachs	\$87
Wells Fargo	\$84
Oppenheimer	\$94
JMP Securities	\$87

Key Assumptions

P/BV:
3.0x

Terminal Growth Rate:
2.50%

Cost of Equity:
11.57%

Risk & Mitigants

Risks

Potential of recession shortly impacting Fee earnings

Fundraising is lower than expected due to poor macroeconomic outlook

Increased competition within PE could hinder future returns

Mitigants

KKR is well diversified across multiple asset classes to protect against economic downturn

KKR has a 67% correlation when FRE are expected to increase so does fundraising

KKR is expanding internationally and focusing less on the saturating U.S. Market

Thank You
Any Questions?

Acquire:
KKR

Current Price:
\$75.12

Target Price:
\$87.53

Upside:
16.53 %

Appendix Overview

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[Appendix L: Alternatives AUM as % of GDP](#)

Appendix A: Income Statement

KKR										
Income Statement (\$ Millions)										
Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue		4,230	16,224	5,716	13,419	15,235	17,303	19,468	21,807	24,450
Expenses										
<i>Asset Management</i>										
Compensation & Benefits		2,152	4,428	1,144	3,050	3,047	3,634	3,894	4,361	4,890
Occupancy and Related Charges		72	69	77	76	77	80	80	82	84
SG&A		708	959	993	1,073	1,676	1,903	2,141	2,399	2,689
<i>Insurance</i>										
Policy Benefits and Claims		-	5,055	3,184	4,428	5,332	6,056	6,814	7,633	8,557
Amortization of Policy Acquisition Costs		-	(65)	10	(15)	(17)	(3)	(16)	(15)	(14)
Insurance Expenses		-	358	565	805	609	692	779	872	917
SG&A		-	555	718	537	1,066	1,211	1,363	1,527	1,711
EBIT		1,298	4,865	(975)	3,465	3,444	3,730	4,413	4,949	5,615
Total Investment Income (Loss)		4,428	8,834	1	2,772	2,755	2,984	3,530	3,959	4,492
Income Tax Expense (Benefit)		609	1,353	(35)	403	468	507	600	673	764
Redeemable Noncontrolling Interest		-	4	2	(2)	(5)	(4)	(5)	(5)	(6)
Noncontrolling Interest		3,115	7,624	(85)	4,682	3,100	3,357	3,972	4,454	5,053
Preferred Stock Dividends		56	105	69	104	103	112	132	148	168
Net Income (Loss)		1,946	4,613	(925)	1,050	2,533	2,741	3,244	3,638	4,127

Assumptions										
<i>Asset Management</i>										
Compensation & Benefits		51%	27%	20%	23%	20%	21%	20%	20%	20%
Occupancy and Related Charges		2%	0.43%	1%	1%	1%	1%	1%	1%	1%
SG&A		17%	6%	17%	8%	11%	11%	11%	11%	11%
<i>Insurance</i>										
Policy Benefits and Claims		-	31%	56%	33%	35%	35%	35%	35%	35%
Amortization of Policy Acquisition Costs		-	-0.40%	0.17%	-0.11%	-0.11%	-0.02%	-0.08%	-0.07%	-0.06%
Insurance Expenses		-	2%	10%	6%	4%	4%	4%	4%	4%
SG&A		-	3%	13%	4%	7%	7%	7%	7%	7%
Total Investment Income (Loss)		341%	182%	0%	80%	80%	80%	80%	80%	80%
Income Tax Expense (Benefit)		14%	15%	-3500%	15%	17%	17%	17%	17%	17%
Redeemable Noncontrolling Interest		-	0%	0%	0%	0%	0%	0%	0%	0%
Noncontrolling Interest		240%	157%	9%	135%	90%	90%	90%	90%	90%
Preferred Stock Dividends		4%	2%	-7%	3%	3%	3%	3%	3%	3%

Appendix B: DDM

KKR										
DDM										
Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net Income		1,946	4,613	(925)	1,050	2,533	2,741	3,244	3,638	4,127
Dividends		(297)	(331)	(444)	(550)	(1,140)	(1,234)	(1,460)	(1,637)	(1,857)
Payout Ratio		15.26%	7.18%	48.00%	52.39%	45.00%	45.00%	45.00%	45.00%	45.00%
Beginning Shareholder's Equity		40,799	42,448	46,731	45,361	45,859	47,253	48,761	50,546	52,547
Plus: Net Income		1,946	4,613	(925)	1,050	2,533	2,741	3,244	3,638	4,127
<i>Net Income Growth</i>			137.05%	-120.05%	-213.48%	141.27%	8.24%	18.34%	12.13%	13.46%
Less: Dividend		(297)	(331)	(444)	(550)	(1,140)	(1,234)	(1,460)	(1,637)	(1,857)
<i>Dividend Growth</i>			11.45%	34.14%	23.87%	107.22%	8.24%	18.34%	12.13%	13.46%
Ending Shareholder's Equity		42,448	46,731	45,361	45,859	47,253	48,761	50,546	52,547	54,817
Total Assets		79,804	264,283	275,347	275,347	275,347	275,347	275,347	275,347	275,347
Investment Growth Assets		69,274	212,539	216,574	216,574	216,574	216,574	216,574	216,574	216,574
<i>IGA Ratio</i>		86.81%	80.42%	78.65%	78.65%	78.65%	78.65%	78.65%	78.65%	78.65%
ROE		4.77%	10.87%	-1.98%	2.31%	5.52%	5.80%	6.65%	7.20%	7.85%
Discount Period		-	-	-	1	2	3	4	5	6
PV of Dividends					\$493	\$916	\$888	\$942	\$947	\$963
DSO					885	885	885	885	885	885
Dividends Per Share					\$0.56	\$1.03	\$1.00	\$1.06	\$1.07	\$1.09
Dividend Yield					0.74%	1.38%	1.34%	1.42%	1.42%	1.45%
Model Assumptions										
Terminal Growth Rate		2.50%								
Cost of Equity		11.57%								
Shares Outstanding		885								
Assumed Share Price		\$75.12								
Payout Ratio		45.00%								
DDM										
P/BV		3.0x								
Terminal Value		145,015								
PV of TV		75,172								
PV of Dividends		\$2,296.70								
PV		77,469								
DSO		885								
Price Target		\$87.53								
Upside		16.53%								

Appendix C: Sensitivity Analysis

		Payout Ratio				
		25%	35%	45%	55%	65%
Cost of Equity	10.57%	65.17	63.16	63.16	59.00	56.85
	11.07%	76.42	73.97	73.97	68.92	66.30
	11.57%	76.42	73.97	73.97	68.92	66.30
	12.07%	123.57	119.29	119.29	110.48	105.93
	12.57%	187.27	180.52	180.52	166.62	159.46

		P/BV Ratio				
		2.4x	2.7x	3.0x	3.3x	3.6x
Cost of Equity	10.57%	74.96	84.00	84.00	102.09	111.14
	11.07%	73.02	81.83	81.83	99.44	108.24
	11.57%	73.02	81.83	81.83	99.44	108.24
	12.07%	69.34	77.68	77.68	94.37	102.71
	12.57%	67.58	75.70	75.70	91.95	100.07

		P/BV Ratio				
		2.4x	2.7x	3.0x	3.3x	3.6x
Payout Ratio	25%	71.72	80.47	80.47	97.98	106.73
	35%	71.43	80.09	80.09	97.41	106.07
	45%	71.43	80.09	80.09	97.41	106.07
	55%	70.85	79.33	79.33	96.28	104.75
	65%	70.56	78.95	78.95	95.71	104.10

Appendix D: Balance Sheet

KKR										
Balance Sheet (\$ Millions)										
Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Assets										
Cash & Cash Equivalents	2,346	6,507	10,091	12,823						
ST & LT Investments	55,752	69,274	212,539	216,574						
PP&E	633	760	820	857						
Total Intangible Assets	83	83	585	3,426						
Goodwill	83	83	585	1,095						
Other Intangible Assets	0	0	0	2,331						
Total Deferred Tax Assets	591	84	841	2,326						
Customer Acceptances & Liability	0	0	0	0						
Other Assets	1,492	3,096	39,407	39,336						
Total Assets	60,897	79,804	264,283	275,347						
Liabilities										
ST Borrowing & Repos	53	29	0	63						
ST Lease Liabilities	53	29	0	63						
ST Finance Leases	0	0	0	0						
ST Operating Leases	0	0	0	0						
Current Portion of LT Debt	0	0	0	0						
ST Borrowings	0	0	0	0						
LT Debt	27,085	33,423	38,577	65,750						
LT Lease Liabilities	72	0	0	284						
LT Finance Leases	0	0	0	0						
LT Operating Leases	0	0	0	0						
LT Borrowings	27,013	33,423	38,577	65,466						
Total Deferred Tax Liabilities	433	0	0	1,667						
Other Liabilities	2,825	5,553	167,568	152,494						
Total Liabilities	30,396	39,005	206,145	219,974						
Equity										
Preferred Equity & Hybrid Capital	482	1,590	1,115	1,119						
Shared Capital & APIC	8,574	8,704	9,005	16,292						
Common Stock	8	8	8	8						
Additional Paid in Capital	8,566	8,696	8,997	16,284						
Treasury Stock	0	0	0	0						
Retained Earnings	1,792	3,440	7,670	6,701						
Other Equity	(41)	(18)	(209)	(5,301)						
Equity before Minority Interest	10,807	13,716	17,581	18,811						
Minority/Non Controlling Interest	19,694	27,083	40,557	36,562						
Total Equity	30,501	40,799	58,138	55,373						
Total Liabilities & Equity	60,897	79,804	264,283	275,347						

Appendix E: Cash Flow Statement

KKR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash Flow Statement (In Millions)										
Operating Activities										
Net Income (Loss)	\$ 4,639,540	\$ 5,117,598	\$ 12,295,179	\$ 11,622,528						
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used)										
Equity Based and Other Non-Cash Compensation	297,708	326,758	579,816	730,236						
Change in Unrealized (Gains) Losses - Asset Management	(2,664,338)	(3,479,865)	(5,138,114)	2,064,043						
Net Accretion and Amortization	(84,493)	(68,154)	386,887	364,162						
Other Non-Cash Amounts	(10,757)	10,901	(102,871)	77,780						
Cash Flow Due to Changes in Operating Assets and Liabilities:										
Change in Consolidation	(137,498)	8,624	(373,761)	(66,593)						
Change in Due from / to Affiliates	(82,508)	(214,227)	(611,292)	(409,228)						
Change in Other Assets	954,524	(571,190)	400,288	874,463						
Change in Accrued Expenses and Other Liabilities	327,431	1,187,516	2,143,039	(1,122,805)						
Net Cash Provided (Used) by Operating Activities	(5,062,253)	(2,903,993)	7,176,208	(2,276,206)						
Investing Activities										
Acquisition of Global Assets, Net of Cash Acquired	0	0	(473,779)	(85,056)						
Purchases of Fixed Assets	(194,569)	(142,258)	(102,049)	0						
Development of Oil and Natural Gas Properties	(11,793)	(11,128)	0	(13,647,272)						
Net Cash Provided (Used) by Investing Activities	(207,462)	(333,186)	(9,005,588)	(13,670,910)						
Financing Activities										
Common Stock Dividends	(271,486)	(297,324)	(331,429)	(444,341)						
Distributions to Redeemable Noncontrolling Interests	0	0	(2,015)	69,322						
Distributions to Noncontrolling Interests	(1,169,978)	(5,160,339)	(7,484,620)	(7,019,614)						
Contributions From Noncontrolling Interests	4,669,756	9,242,255	13,847,546	13,622,035						
Issuance of Series C Mandatory Convertible Preferred Stock (net of issuance)	0	1,112,792	0	0						
Redemption of Series A and B Preferred Stock	0	0	(500,000)	0						
Net Delivery of Common Stock (Equity Incentive Plans)	(86,866)	(78,217)	(166,844)	(65,717)						
Repurchases of Common Stock	(72,124)	(246,160)	(269,710)	(346,651)						
Private Placement Share Issuance	0	0	38,463	0						
Proceeds from Debt Obligations	14,811,703	16,620,416	30,369,415	20,439,103						
Repayment of Debt Obligations	(9,310,771)	(11,293,648)	(21,473,315)	(13,910,767)						
Financing Cash Flow	(67,788)	(42,116)	(128,733)	(33,276)						
Net Cash Provided (Used) by Financing Activities	6,484,989	9,803,704	20,363,994	22,053,366						
Effect of exchange rate changes on cash, cash equivalents and restricted net increase/(decrease) in Cash, Cash Equivalents and Restricted Cash	599,804	3,756,041	3,332,847	2,859,066						
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	2,641,512	3,237,416	6,993,457	10,526,304						
Cash, Cash Equivalents and Restricted Cash, End of Period	3,237,416	6,993,457	10,526,304	13,385,370						
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents										
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Supplemental Disclosures of Cash Flow Information	3,237,416	6,993,457	10,526,304	13,385,370						
Supplemental Disclosures of Cash Flow Information										
Payments for Interest	1,012,818	1,045,297	1,241,886	1,500,123						
Payments for Income Taxes	139,229	179,915	608,578	704,966						
Payments for Operating Lease Liabilities	50,574	54,266	60,285	52,184						
Supplemental Disclosures of Non-Cash Investing and Financing Activities										
Equity Based and Other Non-Cash Contributions	299,087	327,134	454,576	576,422						
Common Stock Issued in Connection with the Purchase of Investments	248,025	0	0	84,786						
Non-Cash Contribution From Noncontrolling Interests	0	0	0	0						
Non-Cash Distribution to Redeemable Noncontrolling Interests	0	0	0	0						
Debt Obligations - Net Gains (Losses), Translation and Other	(262,512)	(849,179)	593,699	6,959,322						
Transfer of Oil and Gas Interests (See Note 2)	0	0	0	(1,064,869)						
Tax Effects - Exchange of KKR Holdings, L.P. Units and Other	4,190	(9,107)	6,529	0						
Right-of-use Assets Obtained through Operating Lease	10,009	79,116	40,284	159,367						
Investments Acquired through Reinsurance Agreements	0	0	16,339,358	5,552,508						
Policyholder Liabilities and Accruals Acquired through Reinsurance	0	0	4,070,473	2,347,512						
Contractholder Deposit Funds Acquired through Reinsurance Agreements	0	0	14,771,306	5,542,192						
Change in Consolidation										
Due From Affiliates	(2,038,205)	3,480	(5,293,537)	(7,440)						
Other Assets	3,642	46,892	67,253	(59,673)						
Debt Obligations	(1,046,515)	259,822	(4,502,451)	(50,339)						
Due to Affiliates	0	0	(9,171)	(174)						
Accrued Expenses and Other Liabilities	(47,731)	32,494	(39,428)	(4,162)						
Noncontrolling Interests	23,125	(239,508)	(1,312,790)	0						
Redeemable Noncontrolling Interests	(1,122,641)	0	0	0						
Asset Management										
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used)										
By Operating Activities:										
Net Realized (Gains) Losses - Asset Management	(497,346)	(162,939)	(2,382,209)	(1,690,702)						
Change in Unrealized (Gains) Losses - Asset Management	(2,664,338)	(3,479,865)	(5,138,114)	(1,206,206)						
Capital Allocation Based (Income) Loss - Asset Management	(2,450,423)	(2,224,100)	(8,442,414)	2,064,043						
Cash Flow Due to Changes in Operating Assets and Liabilities:										
Investments Purchased - Asset Management	(36,678,379)	(47,577,486)	(73,509,382)	2,500,509						
Proceeds from Investments - Asset Management	30,634,356	41,089,017	62,902,614	(18,934,027)						
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	2,641,512	3,237,416	6,993,457	10,526,304						
Cash, Cash Equivalents and Restricted Cash, End of Period	3,237,416	6,993,457	6,833,966	6,958,756						
[Abstract]										
Cash and Cash Equivalents	3,161,154	6,507,874	6,699,668	6,705,325						
Restricted Cash and Cash Equivalents	76,262	485,583	75,288	53,431						
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Total	3,237,416	6,993,457	6,833,966	6,958,756						
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used)										
By Operating Activities:										
Net Realized (Gains) Losses - Insurance	0	0	860,165	1,035,879						
Interest Credited to Policyholder Account Balances (net of Policy Fees) - Insurance	0	0	1,740,965	1,245,467						
Cash Flow Due to Changes in Operating Assets and Liabilities:										
Reinsurance Transactions and Acquisitions, Net of Cash Provided - Insurance	0	0	1,373,597	1,282,677						
Change in Premiums, Notes Receivable and Reinsurance Recoverable, Net of Reinsurance Premiums Payable - Insurance	0	0	685,802	1,282,677						
Change in Deferred Policy Acquisition Costs - Insurance	0	0	(612,673)	685,487						
Change in Policy Liabilities and Accruals, Net - Insurance	0	0	(1,156,720)	(683,440)						
Investing Activities										
Investments Purchased - Insurance	0	0	(28,617,375)	(160,765)						
Proceeds from Investments - Insurance	0	0	48,567,361	(47,191,313)						
Other Investing Activities, Net - Insurance	0	0	20,494	35,266,268						
Financing Activities										
Additions to Contractholder Deposit Funds - Insurance	0	0	14,703,510	(36,469)						
Withdrawals from Contractholder Deposit Funds - Insurance	0	0	(8,777,045)	22,592,703						
Reinsurance Transactions, Net of Cash Provided - Insurance	0	0	610,314	(13,135,401)						
Other Financing Activities, Net - Insurance	0	0	0	69,506						
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	0	0	0	490,216						
Cash, Cash Equivalents and Restricted Cash, End of Period	0	0	3,692,318	3,692,318						
[Abstract]										
Cash and Cash Equivalents	0	0	3,391,954	6,426,614						
Restricted Cash and Cash Equivalents	0	0	300,404	6,138,211						
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Total	0	0	3,692,318	308,383						
Series A and Series B Preferred Stock										
Financing Activities										
Preferred Stock Dividends	(33,364)	(33,364)	(19,201)	6,426,614						
Series C Mandatory Convertible Preferred Stock										
Financing Activities										
Preferred Stock Dividends	0	0	0	0						

Appendix F: Revenue Build

KKR																						
Revenue Build (\$ Millions)																						
Fiscal Year	2019	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2024	2025	2026	2027	2028
Asset Management																						
Fees & Other	1,790	2,006	493	675	718	962	2,848	780	615	673	751	2,819	677	754	655	695	2,781	3,032	3,305	3,569	3,819	4,086
Growth %	-	12.1%					42.0%	58.2%	-8.9%	-6.3%	-21.9%	-1.0%	-13.2%	22.6%	-2.7%	-7.4%	-1.3%	9.0%	9.0%	8.0%	7.0%	7.0%
% of Revenue	42.4%	47.4%	15.5%	30.7%	32.0%	46.5%	17.6%	77.8%	186.9%	36.2%	29.7%	49.3%	21.7%	20.8%	19.8%	20.7%	20.7%	19.9%	19.1%	18.3%	17.5%	16.7%
Capital Allocation-Based Income	2,430	2,224	2,684	1,525	1,526	1,105	6,840	(945)	(923)	(572)	(58)	(2,498)	449	696	1,009	718	2,872	3,418	4,067	4,758	5,567	6,514
Growth %	-	-8.5%					207.6%	-135.2%	-160.5%	-137.5%	-105.2%	-136.5%	147.5%	175.4%	276.4%	-1337.9%	215.0%	19.0%	19.0%	17.0%	17.0%	17.0%
% of Revenue	57.6%	52.6%	84.5%	69.3%	68.0%	53.5%	42.2%	-94.2%	-280.5%	-30.8%	-2.3%	-43.7%	14.4%	19.2%	30.4%	21.4%	21.4%	22.4%	23.5%	24.4%	25.5%	26.6%
Total Asset Management Revenue	4,220	4,230	3,177	2,200	2,244	2,067	9,688	(165)	(308)	101	693	321	1,126	1,450	1,664	1,413	5,653	6,449	7,372	8,327	9,386	10,600
% of Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	59.7%	-16.5%	-93.6%	5.4%	27.4%	5.6%	36.0%	40.0%	50.2%	42.1%	42.1%	42.3%	42.6%	42.8%	43.0%	43.4%
Insurance																						
Net Premiums	-	-	1,176	(452)	974	527	2,225	372	(225)	480	555	1,182	473	626	220	440	1,759	1,970	2,196	2,438	2,706	3,004
Growth %									-68.4%	-50.2%	-50.7%	5.3%	-46.9%	378.2%	54.2%	20.8%	48.8%	12.0%	11.5%	11.0%	11.0%	11.0%
% of Revenue			37.0%	-20.5%	43.4%	25.5%	13.7%	37.1%	-68.4%	25.8%	22.0%	20.7%	15.1%	17.3%	6.6%	13.1%	13.1%	12.9%	12.7%	12.5%	12.4%	12.3%
Policy Fees	-	-	201	312	310	323	1,146	318	325	320	314	1,277	313	315	314	314	1,256	1,382	1,520	1,657	1,806	1,968
Growth %																						
% of Revenue			6.3%	14.2%	13.8%	15.6%	7.1%	31.7%	98.8%	17.2%	12.4%	22.3%	10.0%	8.7%	9.5%	9.4%	9.4%	9.1%	8.8%	8.5%	8.3%	8.0%
Net Investment Income	-	-	444	716	758	925	2,843	812	931	1,094	1,278	4,115	1,300	1,311	1,412	1,341	5,364	6,115	6,971	7,877	8,823	9,881
Growth %																						
% of Revenue			14.0%	32.5%	33.8%	44.8%	17.5%	81.0%	283.0%	58.9%	50.6%	72.0%	41.6%	36.2%	42.6%	40.0%	40.0%	40.1%	40.3%	40.5%	40.5%	40.4%
Net Investment Related Gains (Losses)	-	-	(455)	326	162	170	203	(368)	(426)	(173)	(349)	(1,316)	(123)	(117)	(338)	(193)	(771)	(848)	(933)	(1,016)	(1,108)	(1,208)
Growth %																						
% of Revenue			-14.3%	14.8%	7.2%	8.2%	1.3%	-36.7%	-129.5%	-9.3%	-13.8%	-23.0%	-3.9%	-3.2%	-10.2%	-5.7%	-5.7%	-5.6%	-5.4%	-5.2%	-5.1%	-4.9%
Other Income	-	-	18	32	31	38	119	34	32	35	36	137	37	39	42	39	157	167	177	186	195	205
Growth %																						
% of Revenue			0.6%	1.5%	1.4%	1.8%	0.7%	3.4%	0.0%	12.9%	-5.3%	15.1%	8.8%	21.9%	20.0%	9.3%	14.8%	6.0%	6.0%	5.0%	5.0%	5.0%
Total Insurance Revenue	-	-	1,384	934	2,235	1,983	6,536	1,168	637	1,756	1,834	5,395	2,000	2,174	1,650	1,941	7,765	8,785	9,931	11,141	12,421	13,850
% of Revenue	0.0%	0.0%	43.6%	42.5%	99.6%	95.9%	40.3%	116.5%	193.6%	94.6%	72.6%	94.4%	64.0%	60.0%	49.8%	57.9%	57.9%	57.7%	57.4%	57.2%	57.0%	56.6%
Total Revenue	4,220	4,230	3,177	2,200	2,244	2,067	16,224	1,003	329	1,857	2,527	5,716	3,126	3,624	3,314	3,355	13,419	15,235	17,303	19,468	21,807	24,450
Growth %	-	0.2%					283.5%	-68.4%	-85.0%	-17.2%	22.3%	-64.8%	211.7%	1001.5%	78.5%	32.8%	134.8%	13.5%	13.6%	12.5%	12.0%	12.1%

Appendix G: WACC

KKR	
WACC Calculation	
<i>(in millions except per share data)</i>	
Market Value of Equity	59,225
Share Price	\$66.92
Shares Outstanding	885.01
Market Value of Debt	\$65,813
Short term debt	63
Long term debt	65,750
Total Capitalization	\$125,038
Equity risk premium	4.98%
Market return	9.00%
Risk free rate	4.02%
Beta	1.52
Cost of equity	11.57%
Credit Rating	BBB-
Spread	2.00%
Cost of Debt	6.02%
Tax Rate	21.00%
Cost of Debt after Taxes	4.76%
Weight of Equity	47.37%
Weight of Debt	52.63%
WACC	7.98%

Appendix H: CapEx + D&A

KKR										
Capital Expenditures + Depreciation & Amortization (\$ Millions)										
<i>Fiscal Year</i>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	4,220	4,230	16,224	5,716	13,419	15,235	17,303	19,468	21,807	24,450
<i>Growth %</i>	-	0.2%	283.5%	-64.8%	134.8%	13.5%	13.6%	12.5%	12.0%	12.1%
Capital Expenditures	207	153	102	85	357	381	433	487	545	611
<i>% of Revenue</i>	4.9%	3.6%	0.6%	1.5%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Depreciation & Amortization	34	64	387	364	1,071	952	865	730	681	611
<i>% of Capital Expenditures</i>	16.4%	41.8%	379.4%	428.2%	300.0%	250.0%	200.0%	150.0%	125.0%	100.0%

Appendix I: Comps

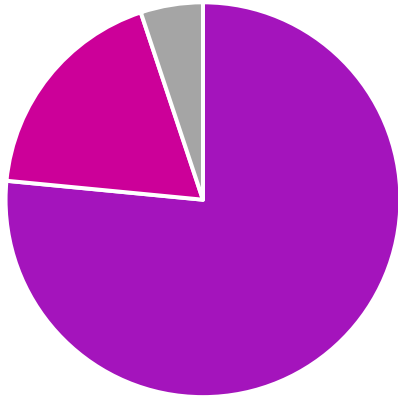
KKR																				
Comparable Companies (\$ Millions)																				
Name	Ticker	Market Cap	Debt	Cash	Minority Interest	Preferred	EV	Revenue	EBITDA	EBIT	Net Income	EV/Rev	EV/EBITDA	EV/EBIT	P/E	WD	EV/RD	EV/EBITD	EV/EBFWD	P/E
KKR	KKR	59,225	47,900	11,294	41,190	0	137,021	16,224	3,829	3,465	4,613	8.45x	21.82x	34.96x	24.55x	21.90x	29.82x	29.90x	15.20x	
Blackstone	BX	140,890	13,228	2,971	11,677	0	162,824	9,945	6,149	5,790	5,065	16.37x	26.48x	28.12x	27.82x	11.40x	18.30x	19.40x	22.10x	
Ares	ARES	33,636	14,721	1,350	3,311	0	50,318	2,896	2,255	1,220	682	17.38x	22.31x	41.24x	49.32x	13.30x	43.00x	32.00x	23.60x	
Blackrock	BLK	109,258	9,664	7,316	2,004	0	113,610	17,794	7,184	6,447	5,551	6.38x	15.81x	17.62x	19.68x	6.00x	14.80x	16.10x	19.40x	
Apollo	APO	51,980	6,440	12,783	9,520	718	55,875	12,852	5,737	4,741	2,935	4.35x	9.74x	11.79x	17.71x	12.40x	14.80x	12.90x	11.20x	
Carlyle Group	CG	11,771	2,771	1,620	0	0	12,922	3,281	1,321	1,253	1,143	3.94x	9.78x	10.31x	10.30x	3.10x	7.50x	7.10x	8.50x	
Min												3.94x	9.74x	10.31x	10.30x	3.10x	7.50x	7.10x	8.50x	
Q1												4.14x	9.76x	11.05x	14.00x	4.55x	11.15x	10.00x	9.85x	
Median												6.38x	15.81x	17.62x	19.68x	11.40x	14.80x	16.10x	19.40x	
Q3												16.87x	24.40x	34.68x	38.57x	12.85x	30.65x	25.70x	22.85x	
Max												17.38x	26.48x	41.24x	49.32x	13.30x	43.00x	32.00x	23.60x	
Mean												9.68x	16.83x	21.82x	24.97x	9.24x	19.68x	17.50x	16.96x	

Appendix J: DSO

KKR	
Diluted Shares Outstanding (Thousands)	
Basic Share Count	885,008
Options	0
Warrants	0
Restricted Stock	0
Convertible Preferred	0
Convertible Bonds	0
Diluted Share Count	885,008
Diluted Share Count (Millions)	885

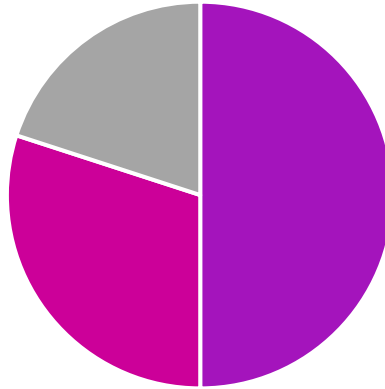
Appendix K: Revenue by Region

Blackstone



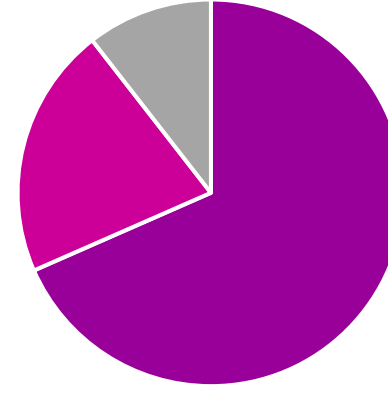
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KKR



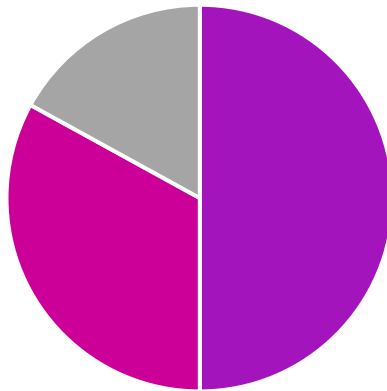
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Ares



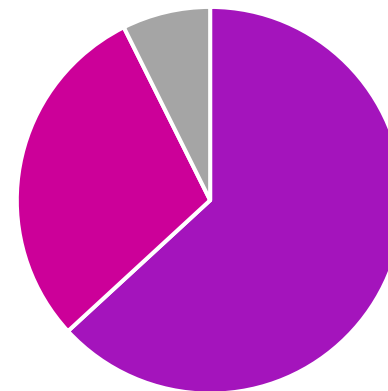
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Apollo



■ North America ■ Europe ■ Asia

CG



■ North America ■ Europe ■ Asia

Appendix L: Alternatives AUM as % of GDP

