

# 1<sup>st</sup> Quarter Earnings Conference Call

KKR & Co. L.P. Investor Update

April 27, 2017

# 1Q17 Reflections | Key Business Themes

- Performance this quarter was strong as our model enabled us to capture more of everything that we do

## Private Markets

- AUM +13% year-over-year
- FPAUM +23% year-over-year
- Record management fees in Q1
- \$4.5bn capital deployed in Q1
- \$7bn capital not yet earning economics

## Capital Markets

- Record transaction fees in Q1
- Significant global activity – over 50% of transaction fees generated outside of North America

## Public Markets

- Management fees +10% year-over-year
- ~\$900mm capital deployed in Q1
- \$4bn capital not yet earning economics

## Principal Activities

- Balance sheet investment performance +5% in Q1
- LTM ROE +18%
- Book value per outstanding adjusted unit +13% year-over-year

Integrated approach driving financial performance

Note: See Appendix for a reconciliation to financial results prepared in accordance with GAAP. LTM ROE is calculated based on last twelve months After-tax Economic Net Income and After-tax Distributable Earnings.

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# Robust Realization Activity in Q1'17

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## Secondaries

- HCA
- Galenica
- US Foods

## Strategic Sales

- Asia Dairy
- TVS Logistics

## Pending<sup>(1)</sup>

- Panasonic Healthcare<sup>(2)</sup>
- Capsugel
- Gland Pharma
- PortAventura
- Ambea Sweden
- Rundong
- Visma
- Dalmia
- SBI Life
- Two Infrastructure Investments
- One Real Estate Transaction

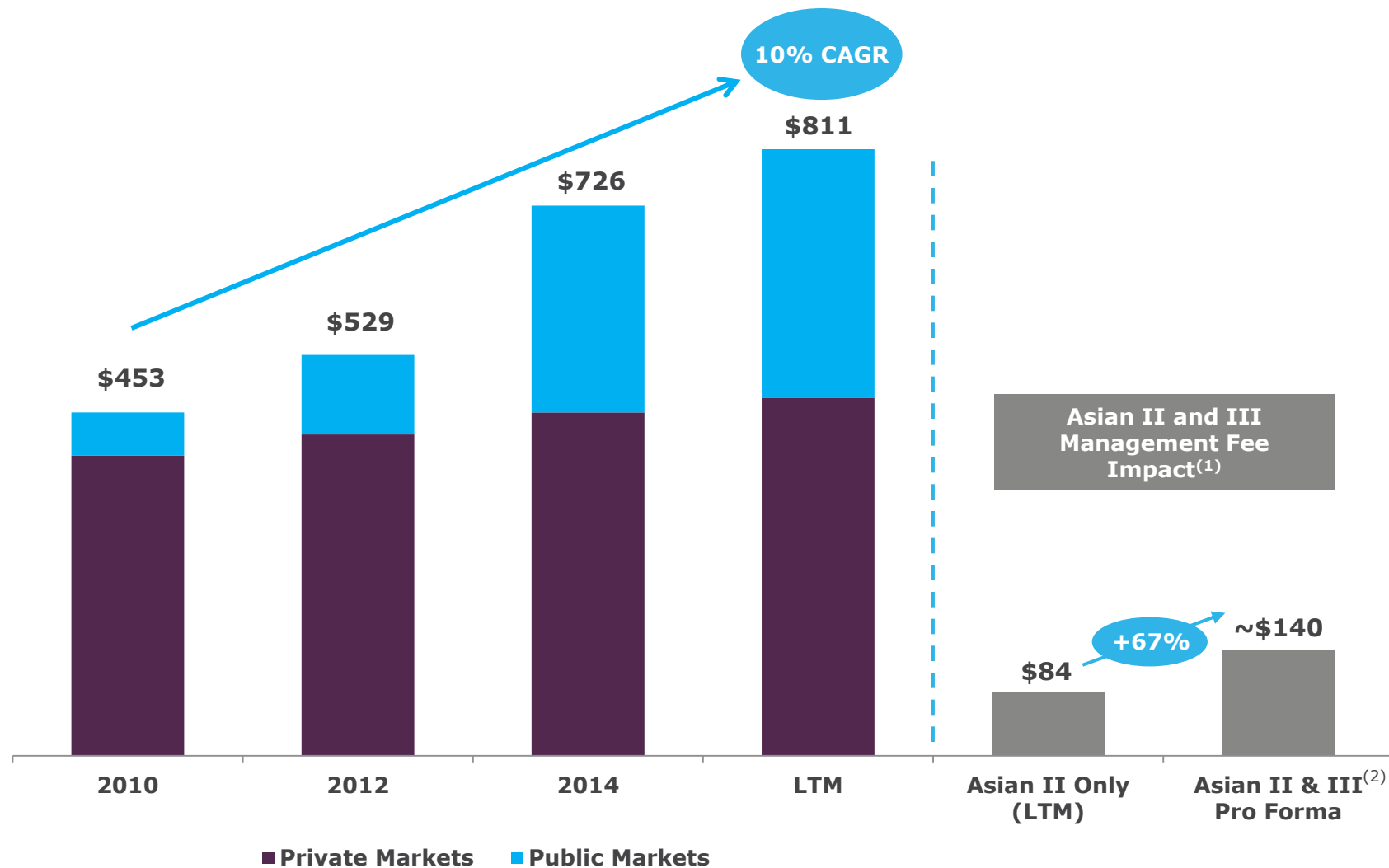
## Dividends

- Latitude Financial
- National Vision

(1) Reflects realization activity that had not closed by March 31, 2017. Pending transactions that have not closed are subject to the satisfaction or waiver of conditions to closing prior to their completion. There can be no assurance that transactions presented will close as contemplated.

(2) Represents a minority stake.

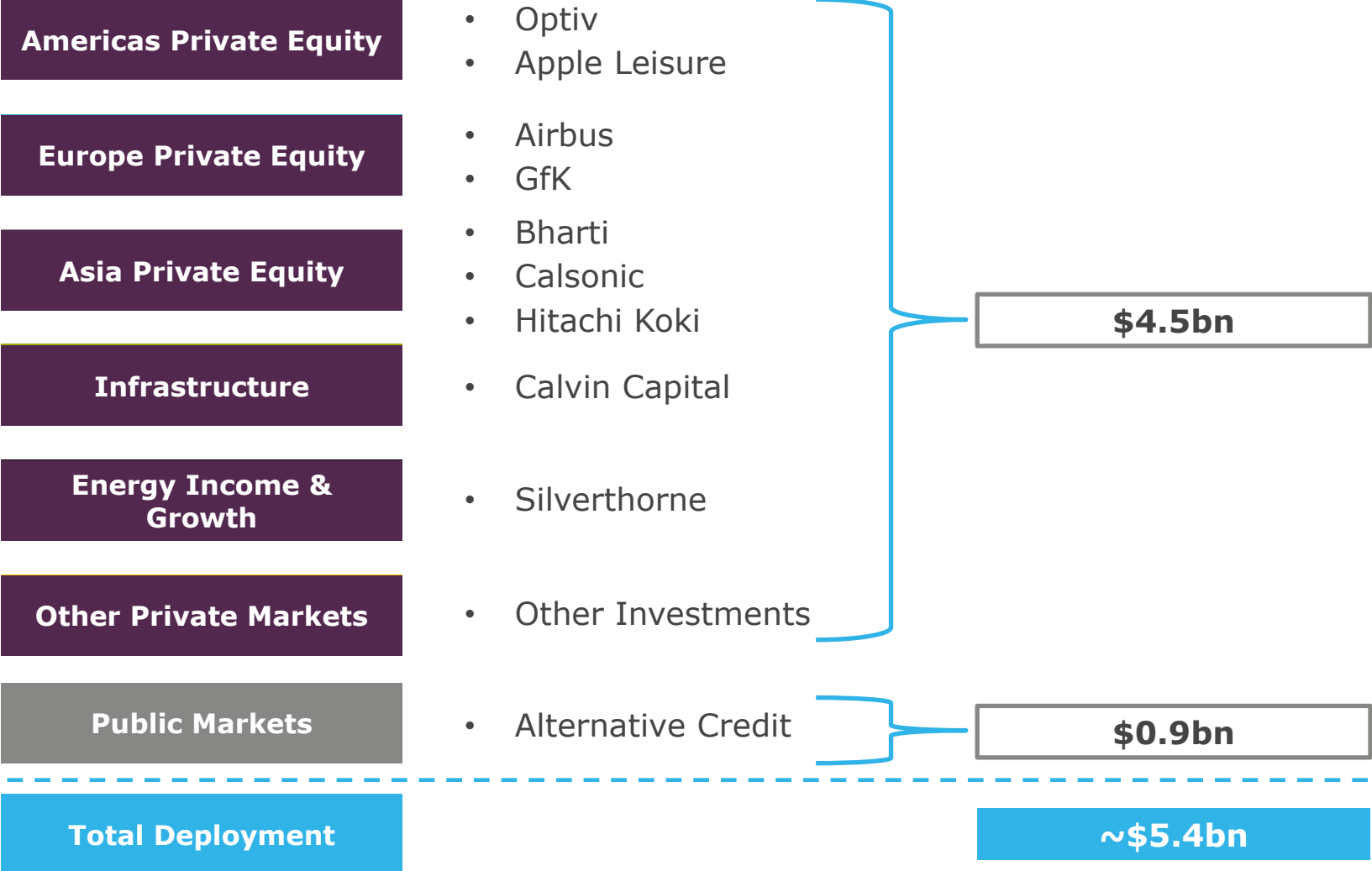
# Management Fee Growth and Diversity



(1) The percentage shown is an example for two funds only and is not a forecast of actual management fee growth for the entire Asian private equity strategy. For example, this presentation does not include the current post-investment period management fees of Asian private equity funds which were predecessor funds for the Asian II fund; if those post-investment period fees were included, overall percentage of management fee growth would be lower than presented.

(2) This assumes KKR achieves a revised fundraising hard cap of \$8.5 billion of limited partner commitments for Asian Fund III. Management fees for Asian Fund II are calculated on a post-investment period basis.

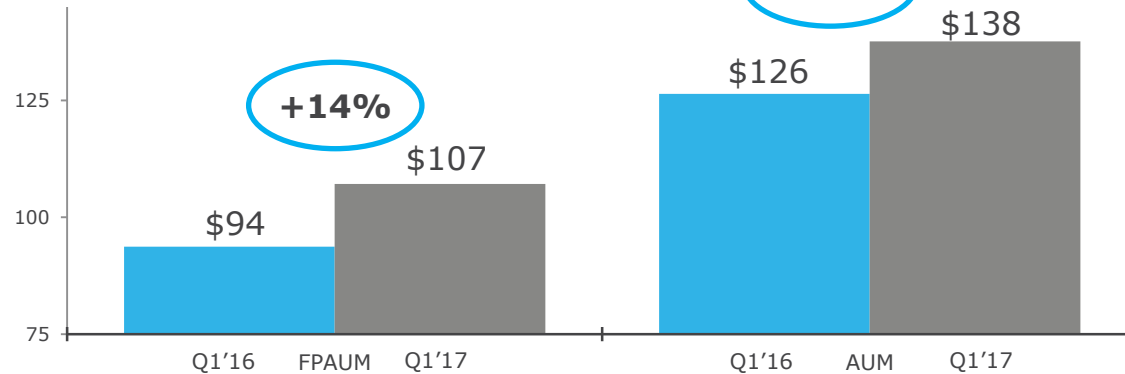
# Sizable Deployment Activity in Q1'17



# Healthy Level of New Capital Raised

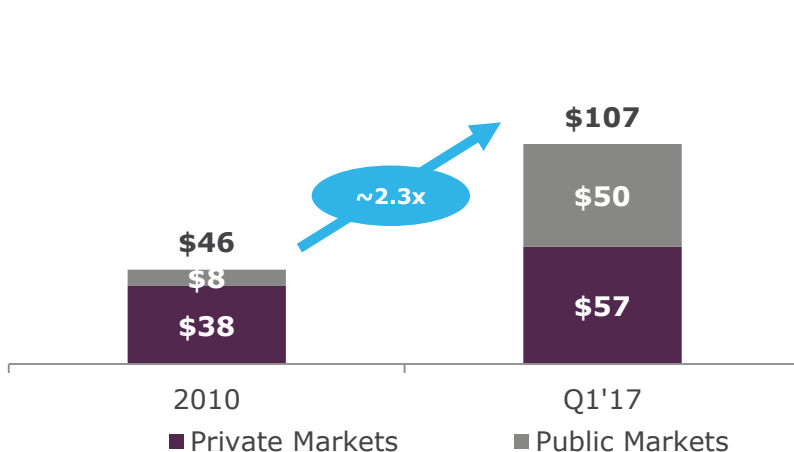
## Year-Over-Year Capital Inflows Driving Asset Growth

(\$ in billions)

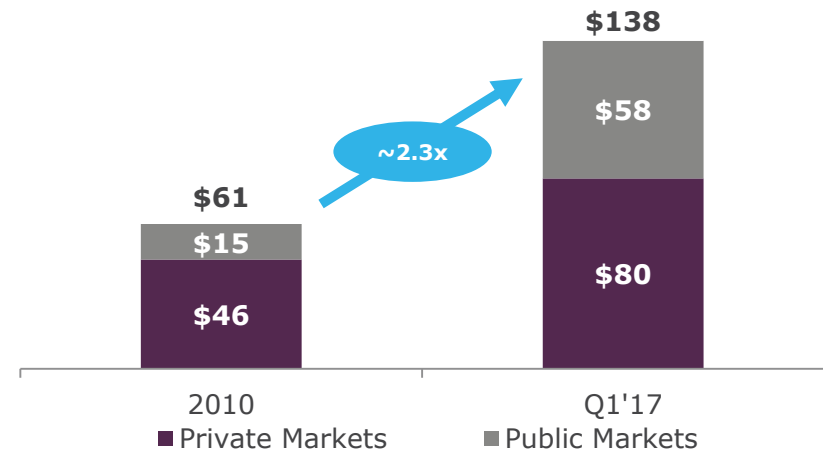


~\$27 billion of new capital raised organically in the last twelve months

### 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, managed by 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 Q1 performance across fund strategies overall
- +5% balance sheet investment performance

## Continue to raise capital



- \$27 billion in organic new capital raised in the last twelve months
- FPAUM +14% year-over-year
- AUM +9% year-over-year

## Deploy capital in attractive opportunities




- \$5.4bn deployed globally in Q1

## Monetize existing investments



- \$1.7bn of After-tax Distributable Earnings over LTM
- Secondary and strategic sales drove monetization events at 7 portfolio companies in Q1

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



- Record level of Capital Markets fees in the quarter together with significant fund deployment
- LTM ROE of 18% on an ENI and After-tax TDE basis

# Appendix

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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 March 31, 2017	Twelve Months Ended March 31, 2017
<b>Net income (loss) attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$259,343</b>	<b>\$876,354</b>
Plus: Preferred Distribution	8,341	30,576
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	216,432	700,885
Plus: Non-cash equity-based charges	111,036	312,103
Plus: Amortization of intangibles and other, net	32,837	(13,312)
Plus: Income taxes (benefit)	40,542	63,213
<b>Economic net income (Loss)</b>	<b>668,531</b>	<b>1,969,819</b>
Less: Total investment income (loss)	298,660	749,494
Less: Net performance income (loss)	203,235	773,440
Plus: Net interest and dividends	15,173	89,693
Plus: Realized performance income (loss), net	119,823	811,727
Plus: Net realized gains (losses)	79,451	475,197
Less: Corporate and local income taxes paid	26,275	87,495
Less: Preferred Distributions	8,341	30,576
<b>After-tax Distributable Earnings</b>	<b>\$346,467</b>	<b>\$1,705,431</b>

Note: Amounts in thousands

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

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Twelve Months Ended  
March 31, 2017

<b>Net income (loss) attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$876,354</b>
Plus: Preferred Distribution	30,576
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	700,885
Plus: Non-cash equity-based charges	312,103
Plus: Amortization of intangibles and other, net	(13,312)
Plus: Income taxes (benefit)	63,213
<b>Economic Net Income (Loss)</b>	<b>1,969,819</b>
Less: Equity-based compensation associated with the KKR & Co. L.P. 2010 equity incentive plan	186,209
<b>Pre-tax Economic Net Income (Loss)</b>	<b>1,783,610</b>
Less: Provision for income tax (benefit)	74,499
Less: Preferred Distribution	30,576
<b>After-tax Economic Net Income (Loss)</b>	<b>\$1,678,535</b>

Note: Amounts in thousands

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

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	As Of	
	March 31, 2016	March 31, 2017
<b>KKR &amp; Co. L.P. Capital – Common Unitholders</b>	<b>\$5,035,353</b>	<b>\$5,755,354</b>
Impact of consolidation of investment vehicles and other entities	157,278	140,248
Noncontrolling interests held by KKR Holdings L.P. and other	4,084,382	4,581,427
Other Reclassifications	(12,012)	(17,446)
Equity impact of KKR Management Holdings Corp.	(146,886)	(133,233)
<b>Book value</b>	<b>\$9,118,115</b>	<b>\$10,326,350</b>
Adjusted units	804,942,473	806,480,436
<b>Book Value per adjusted unit</b>	<b>\$11.33</b>	<b>\$12.80</b>

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

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