

# ***DAMAC***

LIVE THE LUXURY

## **Results Presentation**

**Half year ended 30 June 2018**



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# DAMAC Overview



## Headquarters in Dubai

<b>54+</b> mn sq ft projects in progress and in planning	<b>6</b> countries with presence	<b>10,000+</b> Hospitality units (incl. completed units and project pipeline)
<b>c.1,900+</b> employees	<b>c.600+</b> sales staff	<b>c.500</b> Project execution and execution support team
<b>AED2.3bn</b> Booked Sales in 1H18 <b>2017 - AED7.5bn</b>	<b>AED3.7bn</b> Revenue in 1H18 <b>2017 - AED7.5bn</b>	<b>AED0.9bn</b> Net Profit in 1H18 <b>2017 - AED2.8bn</b>

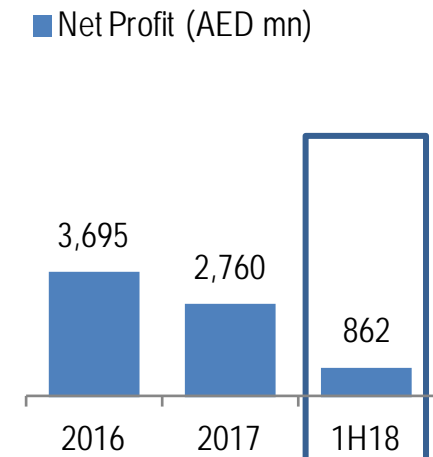
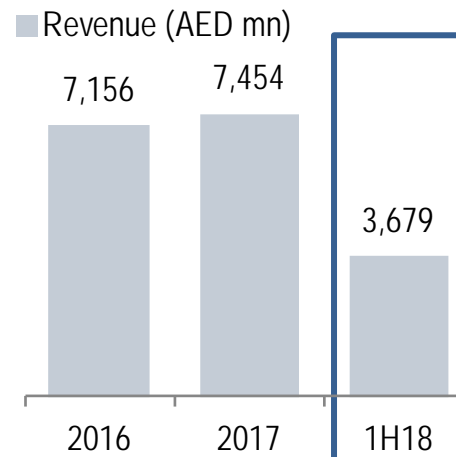
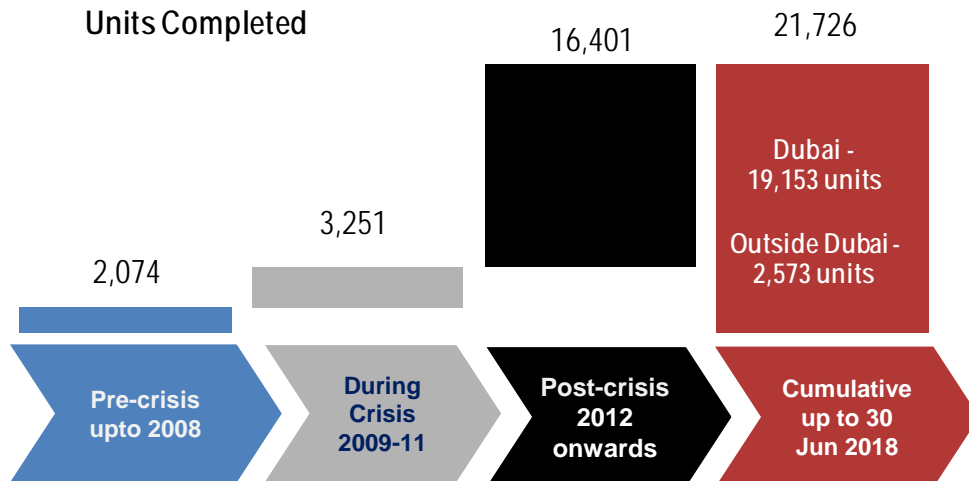
## Portfolio Overview

	Completed <sup>(1)</sup> projects	In-progress <sup>(2)</sup> and In-planning <sup>(3)</sup> projects
<b>Total:</b>	<b>21,726 units</b>	<b>Over 40,000 units</b>
<b>In Dubai:</b>	<b>88%</b>	<b>c.96%</b>

*Note:* Exchange rate US\$/AED= 0.2721 used in the whole presentation  
 (1) Completed projects: projects with Building Completion (BCC) received  
 (2) In-progress projects: projects with enabling works started / consultant appointed  
 (3) In-planning projects: projects with no consultant appointed

## Strong delivery track record across economic cycle

## Performance highlights



# Performance Review



## Sales & Deliveries

- **Booked sales of AED2.3bn** in 1H 2018. DAMAC launched Reva Residences in Business Bay during the year.
- **Delivered 1,490 units** during the six months in DAMAC Heights (Dubai Marina), Majestine (Business Bay) and 2 mid-rise buildings in DAMAC Hills.

## Profit

- Reported gross profit of AED1,388mn and net profit of AED862mn in 1H 2018.

## Leverage

- **Gross debt** (including Sukuk Certificates) at AED5.4bn. **Cash and Bank** balance stood at AED7.0bn.
- Net cash position stood at AED1.6bn as at 30 Jun 2018.
- **DAMAC issued Sukuk** certificates worth c.AED1.5bn (US\$400mn) in Apr'18 maturing in Apr'23 at 6.625% coupon. DAMAC also repurchased Sukuk Certificates maturing in Apr'19 to the tune of c.AED667mn (US\$181mn).

# Financial Highlights

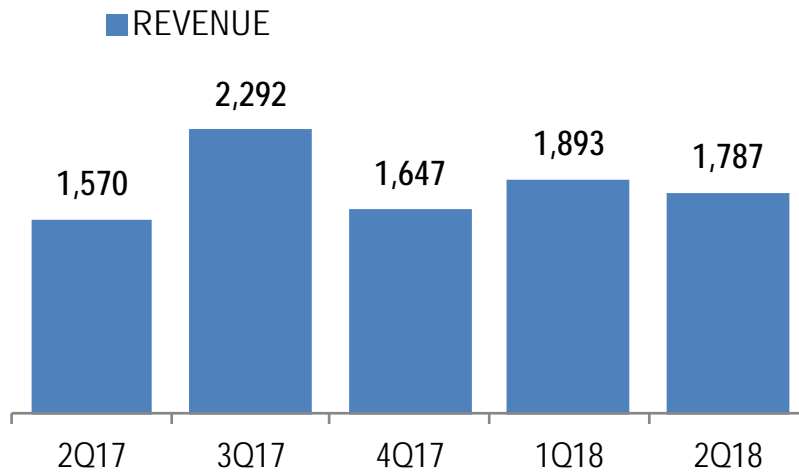


<b>Revenue</b>	<b>Gross profit</b>	<b>Operating profit</b>
<b>AED 3,679m</b> (1H 2017: AED 3,516m)	<b>AED 1,388m</b> (1H 2017: AED 1,913m)	<b>AED 913m</b> (1H 2017: AED 1,616m)
<b>Net profit</b>	<b>Operating Cashflow</b> (before working capital changes)	<b>Total assets</b>
<b>AED 862m</b> (1H 2017: AED 1,585m)	<b>AED 927m</b> (1H 2017: AED 1,659m)	<b>AED 25,896m</b> (Dec'17: AED 25,343m)
<b>Equity</b>	<b>Cash and Bank</b>	<b>Gross Debt</b>
<b>AED 13,820m</b> (Dec'17: AED 13,865m)	<b>AED 7,018m</b> (Dec'17: AED 7,458m)	<b>AED 5,421m</b> (Dec'17: AED 4,753m)
<b>Debt to Total Assets</b>	<b>Gross Margins</b>	<b>Cash &amp; Dvplmt Prop as % of Total Assets</b>
<b>20.9%</b> (Dec'17: 18.8%)	<b>37.7%</b> (1H 2017: 54.4%)	<b>62.7%</b> (Dec'17: 67.5%)

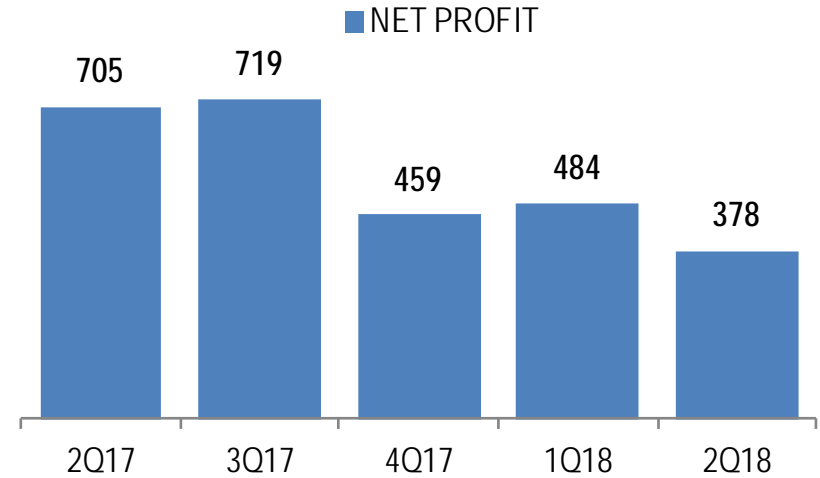
# Performance Trends



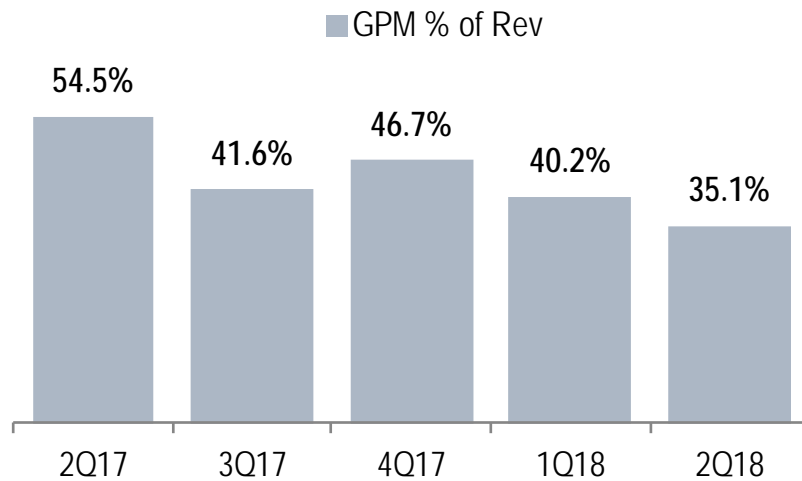
### Revenue Trends (AED mn)



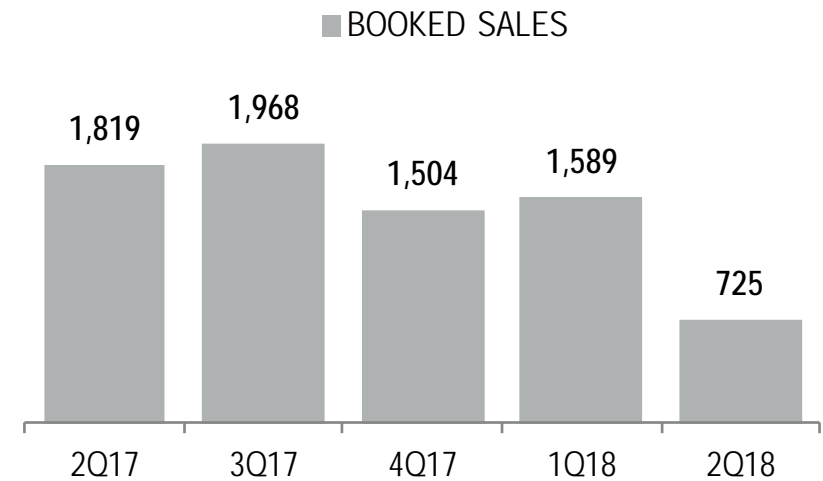
### Net Profit Trends (AED mn)



### Gross Profit Margin Trends %



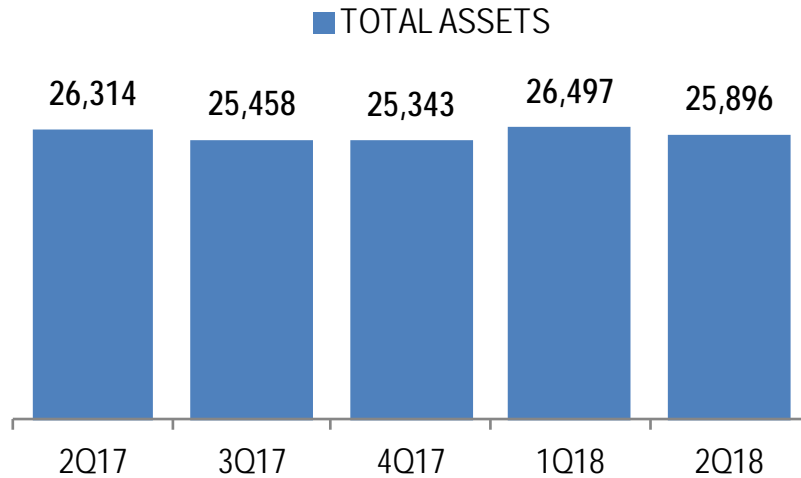
### Booked Sales (AED mn)



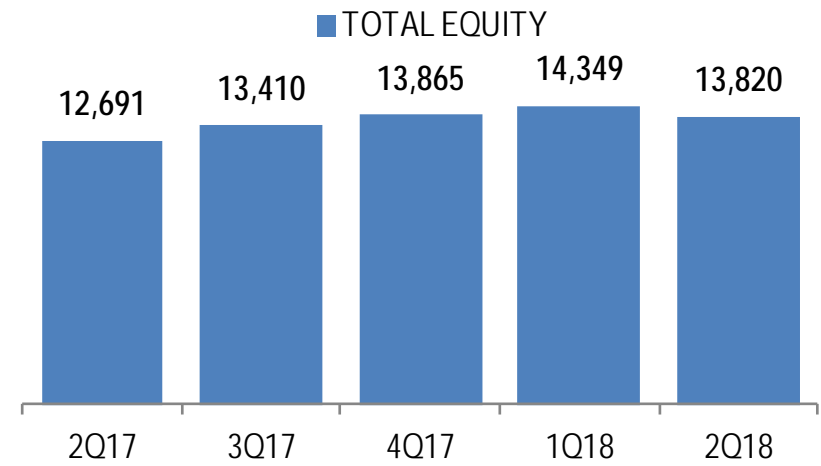
# Performance Trends (contd.)



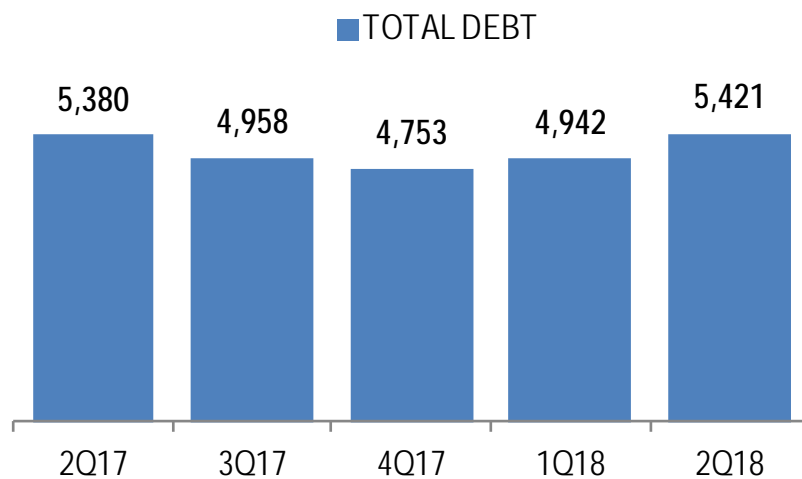
### Total Assets (AED mn)



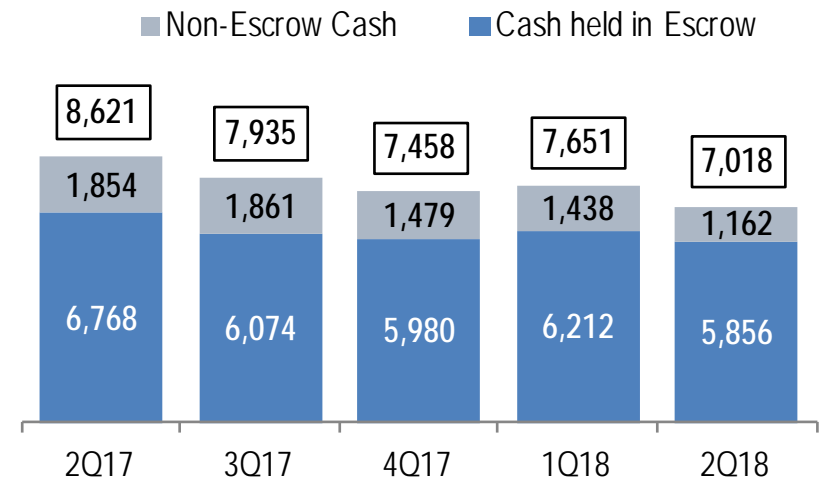
### Total Equity (AED mn)



### Total Debt (AED mn)



### Cash & Bank Balance (AED mn)



# Summary Income Statement



In AED mn	2Q 2018	2Q 2017	YoY %	1H 2018	1H 2017	YoY %
<b>Revenue</b>	<b>1,787</b>	<b>1,570</b>	<b>14%</b>	<b>3,679</b>	<b>3,516</b>	<b>5%</b>
Cost of sales	(1,160)	(715)	62%	(2,291)	(1,602)	43%
<b>Gross profit</b>	<b>627</b>	<b>855</b>	<b>-27%</b>	<b>1,388</b>	<b>1,913</b>	<b>-27%</b>
<i>Gross profit margin</i>	<i>35.1%</i>	<i>54.5%</i>		<i>37.7%</i>	<i>54.4%</i>	
Other operating income	2	131	-98%	5	221	-98%
General, administrative and selling expenses	(206)	(252)	-18%	(465)	(509)	-9%
Depreciation	(7)	(5)	40%	(15)	(10)	55%
Gains on Disposal	0	3		0	3	
<b>Operating profit</b>	<b>416</b>	<b>732</b>	<b>-43%</b>	<b>913</b>	<b>1,619</b>	<b>-44%</b>
<i>Operating profit margin</i>	<i>23.3%</i>	<i>46.6%</i>		<i>24.8%</i>	<i>46.1%</i>	
Other Income	13	17	-20%	27	28	-3%
Finance Income	42	34	27%	83	65	27%
Finance Costs	(94)	(78)	21%	(161)	(127)	27%
<b>Profit for the period</b>	<b>378</b>	<b>705</b>	<b>-46%</b>	<b>862</b>	<b>1,585</b>	<b>-46%</b>
<i>Net income margin</i>	<i>21.2%</i>	<i>44.9%</i>		<i>23.4%</i>	<i>45.1%</i>	



# Summary of Financial Position



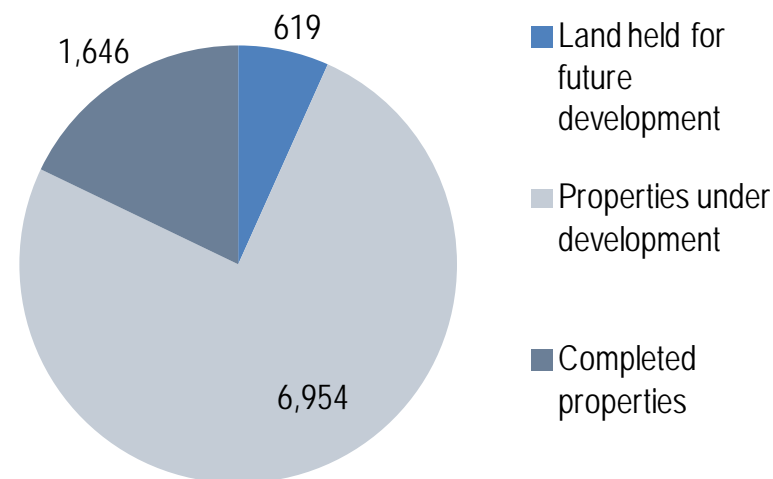
In AED mn	Jun'18	Dec'17	Change
<b>ASSETS</b>			
Property and equipment	145	150	(5)
Investment Properties	193	197	(4)
Development properties	9,218	9,643	(425)
Other financial assets	1,105	1,025	80
Trade and other receivables	7,936	6,607	1,329
Financial investments	280	263	17
Cash and bank balances	7,018	7,458	(440)
<b>Total Assets</b>	<b>25,896</b>	<b>25,343</b>	<b>552</b>

<b>EQUITY AND LIABILITIES</b>			
Share capital	6,050	6,050	0
Statutory reserve	802	802	0
Retained earnings	6,968	7,013	(45)
<b>Total Equity</b>	<b>13,820</b>	<b>13,865</b>	<b>(45)</b>

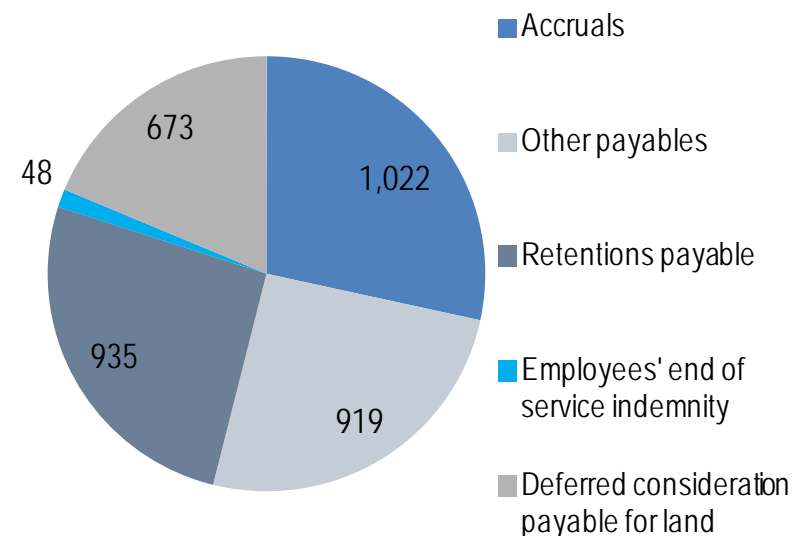
<b>Liabilities</b>			
Bank borrowings	683	815	(132)
Sukuk certificates	4,738	3,938	800
Advances from customers	3,056	3,274	(218)
Trade and other payables	3,598	3,451	148
<b>Total Liabilities</b>	<b>12,076</b>	<b>11,478</b>	<b>597</b>

<b>Total Equity &amp; Liabilities</b>	<b>25,896</b>	<b>25,343</b>	<b>552</b>
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## Development Properties - Jun'18 (AED mn)



## Trade and other payables - Jun'18 (AED mn)

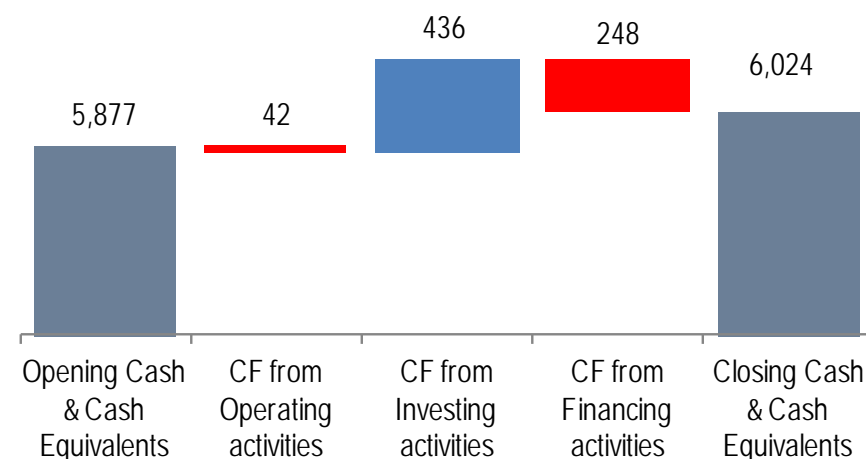


# Summary Cashflows



In AED mn	1H 2018	1H 2017	Change
<b>Cash flows from operating activities</b>			
Profit for the period	862	1,585	(723)
<b>Adjustments for:</b>			
Depreciation on property and equipment	15	10	5
Provision for employees' end-of-service indemnity	7	6	1
Amortization of issue costs on Sukuk Certificates	7	4	3
Gain on Disposal	0	(3)	3
Finance income	(83)	(65)	(17)
Finance costs	161	127	34
Reversal of impairment on trade receivables	(43)	(5)	(38)
<b>Operating cash flows before changes in working capital</b>	<b>927</b>	<b>1,659</b>	<b>(732)</b>
Incr in trade and other receivables	(1,302)	(826)	(475)
Incr in development properties	425	(637)	1,061
Decr in advances from customers	(218)	(193)	(25)
Employee end-of-service benefits paid	(7)	(5)	(1)
(Decr)/Incr in trade and other payables	133	231	(97)
<b>Net cash generated from operating activities</b>	<b>(42)</b>	<b>228</b>	<b>(270)</b>
<b>Net cash (used in) / generated from investing activities</b>	<b>436</b>	<b>(108)</b>	<b>544</b>
<b>Net cash generated from financing activities</b>	<b>(248)</b>	<b>(71)</b>	<b>(177)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>147</b>	<b>50</b>	<b>97</b>
Opening Cash & Cash Equivalents	5,877	7,088	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>6,024</b>	<b>7,138</b>	

## Movement in cash and cash equivalents during 2018



	Jun'18	Jun'17
Cash and bank balances	7,018	8,621
Fixed deposits with an original maturity of greater than three months	(994)	(1,484)
<b>Cash &amp; Cash Equivalents</b>	<b>6,024</b>	<b>7,138</b>

# Key In-progress projects contributing to revenue



Status of key in-progress projects contributing to revenue from constructed apartment as at 30 Jun 2018

	Schedule Year of Completion	Total Area ('000 sq ft)	% Recognised
<b>IN PROGRESS DEVELOPMENTS</b>			
DAMAC TOWERS BY PARAMOUNT	2018	2,163	60%-80%
CELESTIA	2018	624	40%-60%
AVANTI TOWERS	2018	139	40%-60%
PRIVÉ BY DAMAC	2018	653	60%-80%
GHALIA	2018	476	60%-80%
TOWER 108	2018	359	60%-80%
MERANO TOWER	2019	395	20%-40%
PARAMOUNT TOWER HOTEL & RESI	2020	714	<20%
DAMAC HILLS Apartments	2018-2020	4,038	40%-60%

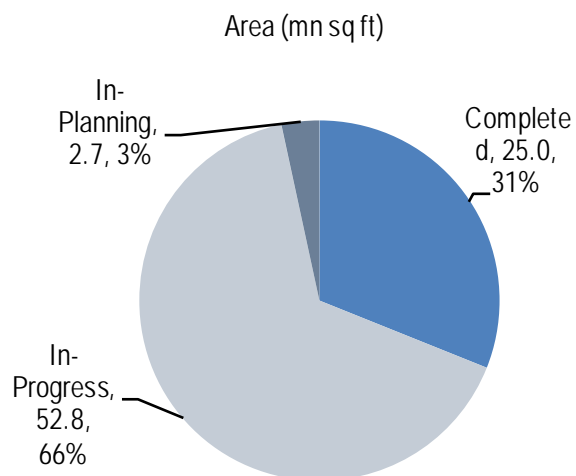
**Note:**

1. % Recognized is a factor of % area sold and % completion in any particular project.
2. For DAMAC Hills, above data pertains to all the apartment buildings available for sale in the development which meets threshold criteria and are eligible for revenue recognition.

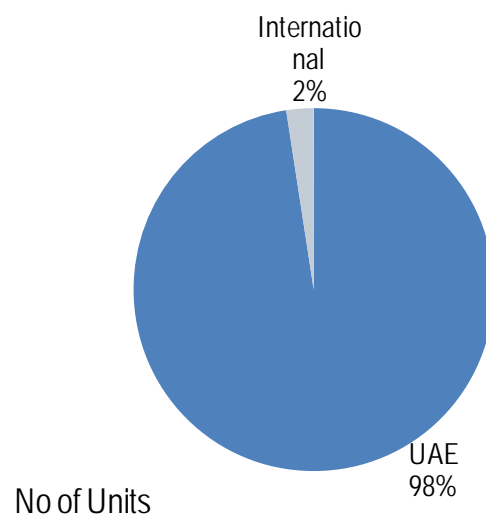
# Portfolio Overview (as at 30 Jun 2018)



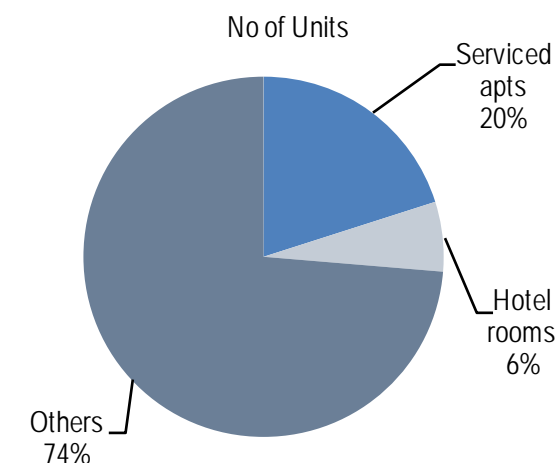
## Portfolio by development status



## Portfolio by location (in progress and in-planning projects)



## Portfolio by product (in progress and in-planning projects)



### UAE



No of projects	24
Units	c.40K
Sellable area (mn sq ft)	54.2
Completion date	2018/22

### International



No of projects	5
Units	c.1K
Sellable area (mn sq ft)	1.3
Completion date	2018/21

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**Thank you**