

# ***DAMAC***

LIVE THE LUXURY

## **Interim Results Presentation**

**Half year ended 30 June 2016**



# Disclaimer



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# DAMAC Overview



## Headquarters in Dubai

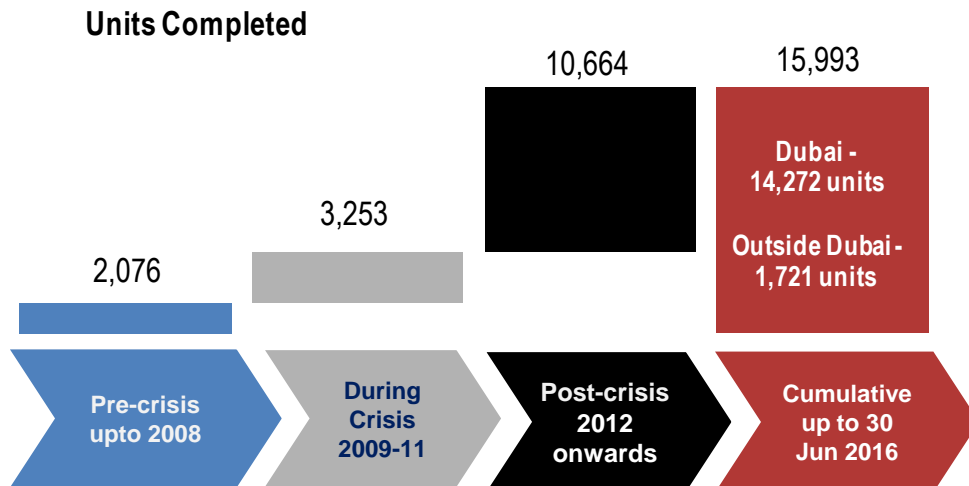
<b>62+</b> mn sq ft development pipeline	<b>6</b> countries with projects in-progress and in-planning	<b>10,000+</b> Hospitality units (incl. completed units and project pipeline)
<b>c.1,900+</b> employees	<b>c.550</b> sales staff	<b>c.500</b> Project execution and execution support team
<b>AED3.6bn</b> Booked Sales in 1H 2016 <b>2015 - AED9.1bn</b>	<b>AED3.4bn</b> Revenue in 1H 2016 <b>2015 - AED8.5bn</b>	<b>AED1.9bn</b> Net Profit in 1H 2016 <b>2015 - AED4.5bn</b>

## Portfolio Overview

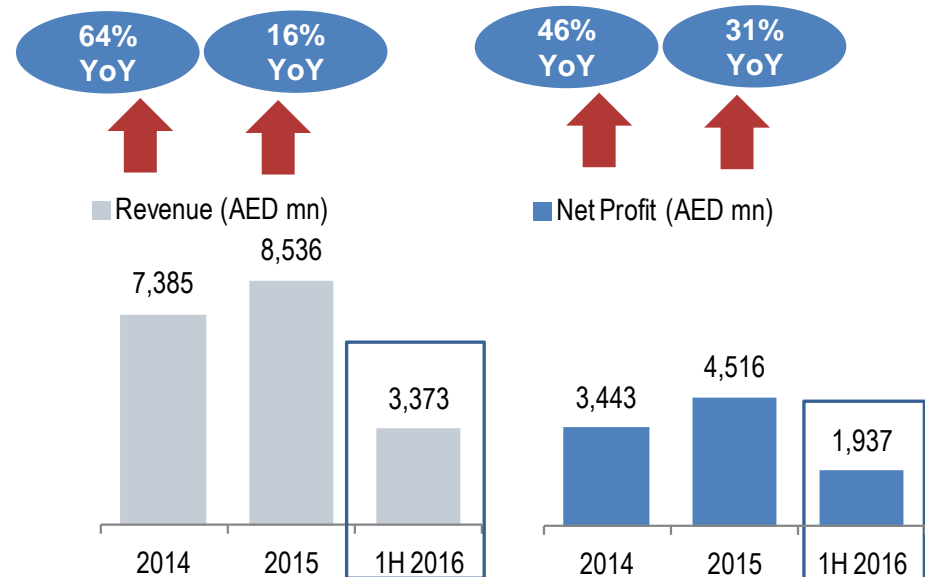
	Completed <sup>(1)</sup> projects	In-progress <sup>(2)</sup> and In-planning <sup>(3)</sup> projects
<b>Total:</b>	<b>c.16,000 units</b>	<b>Over 40,000 units</b>
<b>In Dubai:</b>	<b>89%</b>	<b>c.95%</b>

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



Note: 2014 numbers are based on DAMAC Real Estate Development Limited's financials to reflect a full year of real estate operations to compare like to like performance.



- ❑ ***Booked Sales of AED3.63bn during 1H 2016. On track to meet full year guidance***
- ❑ ***Launches of successive phases in AYKON City ,Ghalia and Akoya Oxygen***
- ❑ ***Strong Gross Margins of 59% for 1H 2016.***
- ❑ ***494 units completed in 1H 2016 comprising 306 units in The Distinction (Burj area-Dubai) and 188 units in Damac Tower Lebanon.***
- ❑ ***Gross debt (including Sukuk Certificates) at AED3.73bn representing gross debt to equity ratio of 0.34x and debt to total assets ratio of 0.16x as at 30 Jun 2016.***

# Financial Highlights

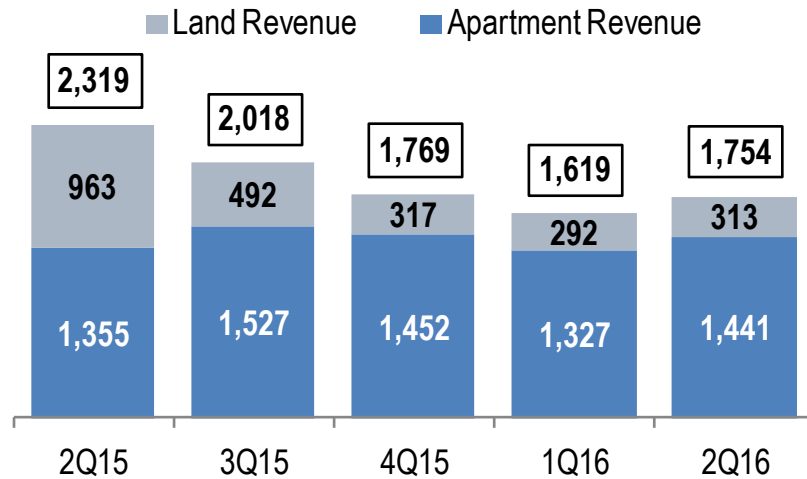


<b>Revenue</b>	<b>Gross profit</b>	<b>Operating profit</b>
<b>AED 3,373m</b> (H1 2015: AED 4,749m)	<b>AED 1,977m</b> (H1 2015: AED 2,863m)	<b>AED 1,938m</b> (H1 2015: AED 2,661m)
<b>Net profit</b>	<b>Net cash flow from operating activities</b>	<b>Total assets</b>
<b>AED 1,937m</b> (H1 2015: AED 2,650m)	<b>AED 386m</b> (H1 2015: AED 1,735m)	<b>AED 23,511m</b> (Dec'15: AED 23,447m)
<b>Equity</b>	<b>Cash and Bank</b>	<b>Gross Debt</b>
<b>AED 10,861m</b> (Dec'15: AED 9,831m)	<b>AED 8,805m</b> (Dec'15: AED 9,501m)	<b>AED 3,729m</b> (Dec'15: AED 3,765m)
<b>Debt to Total Assets</b>	<b>Gross Margins</b>	<b>Cash &amp; Dvplmt Prop as % of Total Assets</b>
<b>15.9%</b> (Dec'15: 16.1%)	<b>58.6%</b> (H1 2015: 60.3%)	<b>78.3%</b> (Dec'15: 79.5%)

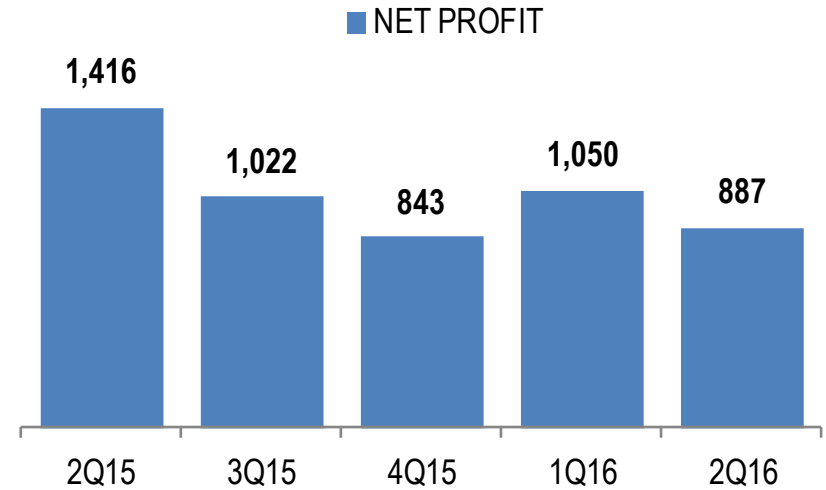
# Performance Trends



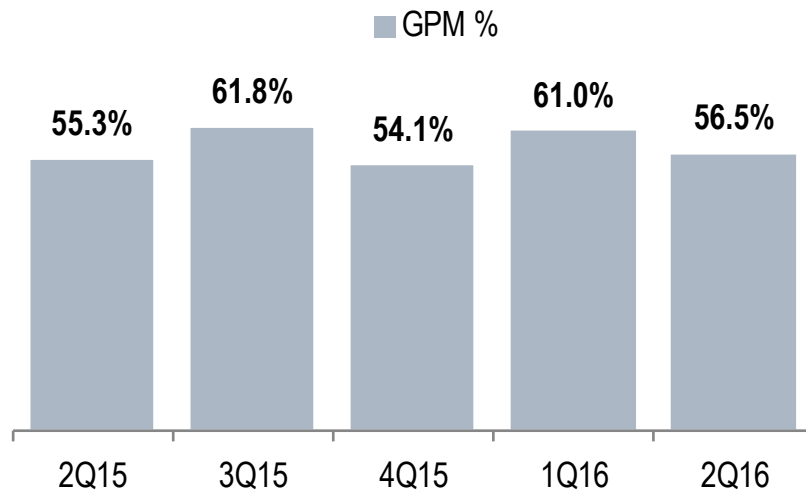
### Revenue Trends (AED mn)



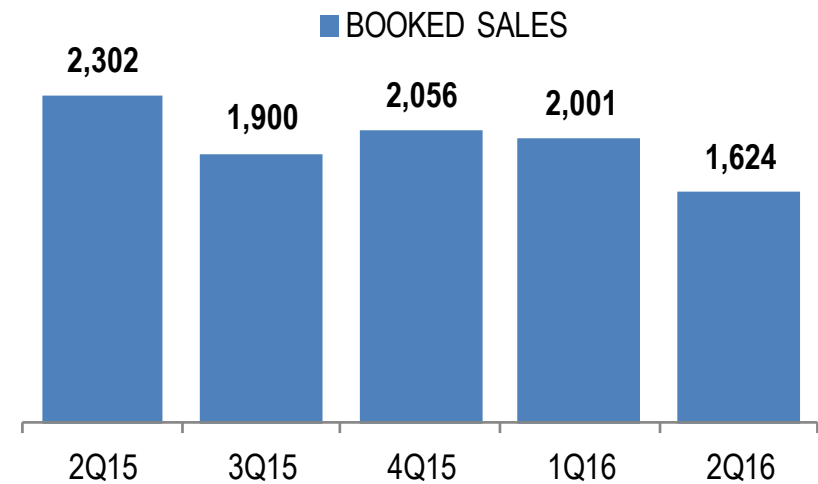
### Net Profit Trends (AED mn)



### Gross Profit Margin Trends %



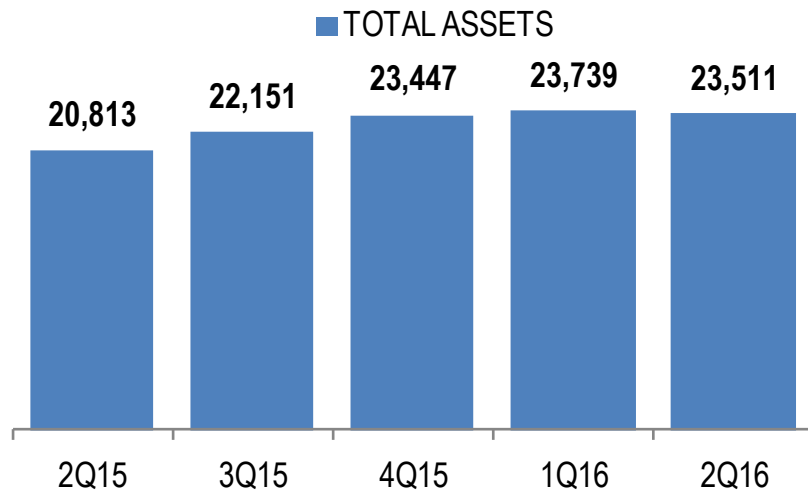
### Booked Sales (AED mn)



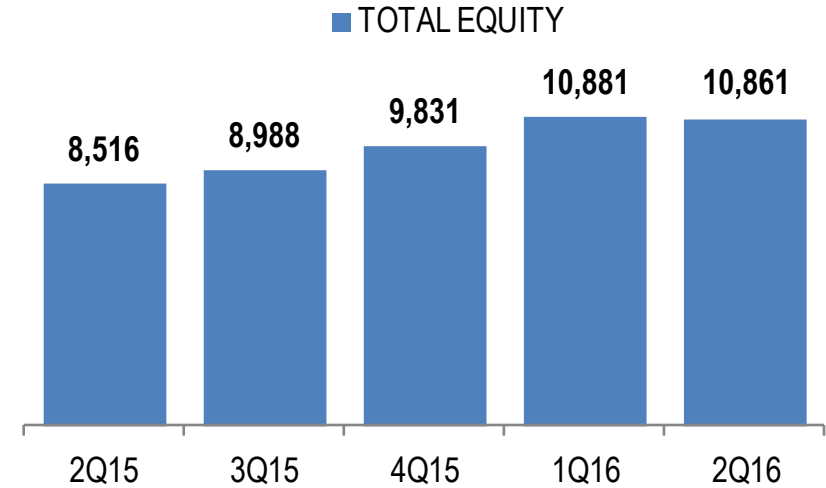
# Performance Trends (contd.)



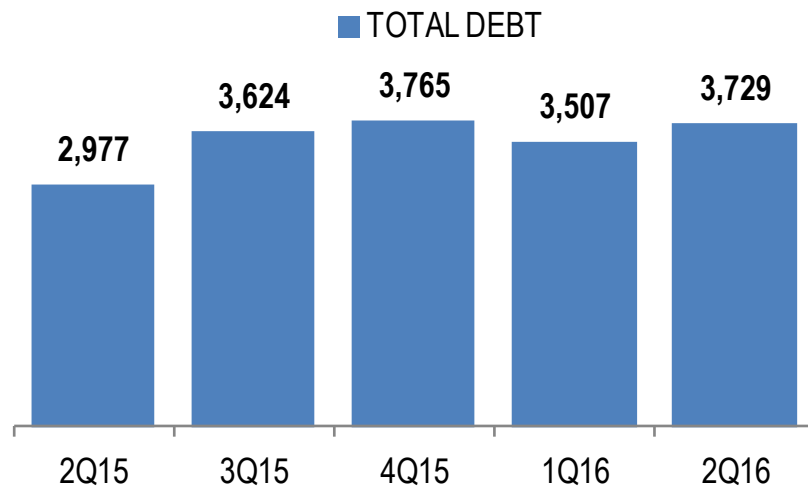
**Total Assets (AED mn)**



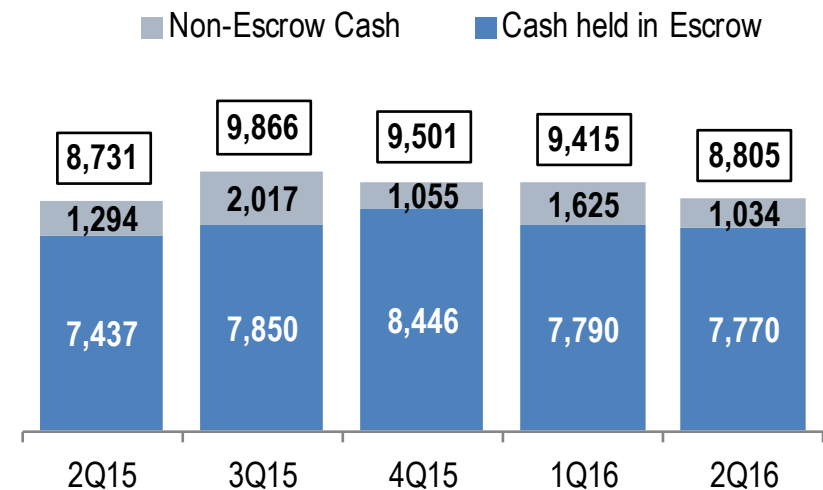
**Total Equity (AED mn)**



**Total Debt (AED mn)**



**Cash & Bank Balance (AED mn)**



# Summary Income Statement



In AED mn	2Q 2016	2Q 2015	YoY %	1H 2016	1H 2015	YoY %
Apartment Units	1,441	1,355	6%	2,768	2,656	4%
Sale of Land	313	963	-68%	605	2,093	-71%
<b>Revenue</b>	<b>1,754</b>	<b>2,319</b>	<b>-24%</b>	<b>3,373</b>	<b>4,749</b>	<b>-29%</b>
Cost of sales	(764)	(1,035)	-26%	(1,396)	(1,886)	-26%
<b>Gross profit</b>	<b>990</b>	<b>1,283</b>	<b>-23%</b>	<b>1,977</b>	<b>2,863</b>	<b>-31%</b>
<i>Gross profit margin</i>	56.5%	55.3%		58.6%	60.3%	
Other operating income	101	307		417	322	
General, administrative and selling expenses	(197)	(166)	18%	(448)	(518)	-13%
Depreciation	(4)	(3)	13%	(7)	(7)	4%
<b>Operating profit</b>	<b>890</b>	<b>1,421</b>	<b>-37%</b>	<b>1,938</b>	<b>2,661</b>	<b>-27%</b>
<i>Operating profit margin</i>	50.8%	61.3%		57.5%	56.0%	
Other Income	11	9		28	18	
Finance Income	29	22		57	41	
Finance Costs	(43)	(36)		(87)	(70)	
<b>Profit for the period</b>	<b>887</b>	<b>1,416</b>	<b>-37%</b>	<b>1,937</b>	<b>2,650</b>	<b>-27%</b>
<i>Net income margin</i>	50.6%	61.1%		57.4%	55.8%	



# Summary of Financial Position



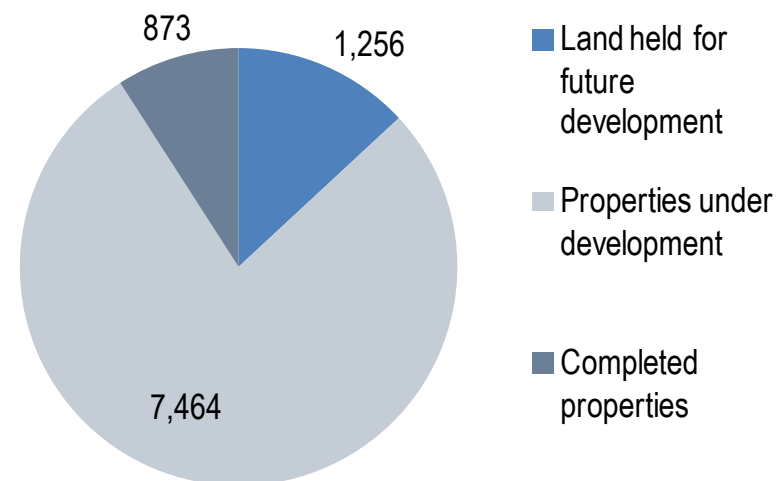
In AED mn	Jun'16	Dec'15	Change
<b>ASSETS</b>			
Property and equipment	62	64	(2)
Development properties	9,594	9,144	450
Other financial assets	897	789	108
Trade and other receivables	3,984	3,803	180
Financial investments	171	147	24
Cash and bank balances	8,805	9,501	(696)
<b>Total Assets</b>	<b>23,511</b>	<b>23,447</b>	<b>64</b>

<b>EQUITY AND LIABILITIES</b>			
Share capital	6,050	6,050	0
Statutory reserve	534	534	0
Group restructuring reserve	(4,913)	(4,913)	0
Retained earnings	9,190	8,160	1,030
<b>Total Equity</b>	<b>10,861</b>	<b>9,831</b>	<b>1,030</b>

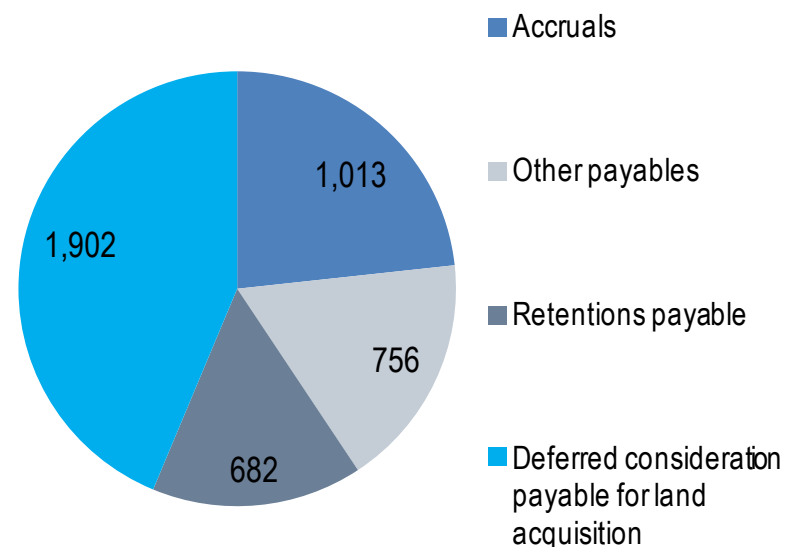
<b>Liabilities</b>			
Bank borrowings	1,079	1,025	54
Sukuk certificates	2,649	2,740	(90)
Provision for employees' end of service indemnity	36	33	2
Advances from customers	4,534	5,533	(1,000)
Trade and other payables	4,353	4,285	68
<b>Total Liabilities</b>	<b>12,651</b>	<b>13,617</b>	<b>(966)</b>

<b>Total Equity &amp; Liabilities</b>	<b>23,511</b>	<b>23,447</b>	<b>64</b>
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## Development Properties - Jun'16 (AED mn)



## Trade and other payables - Jun'16 (AED mn)

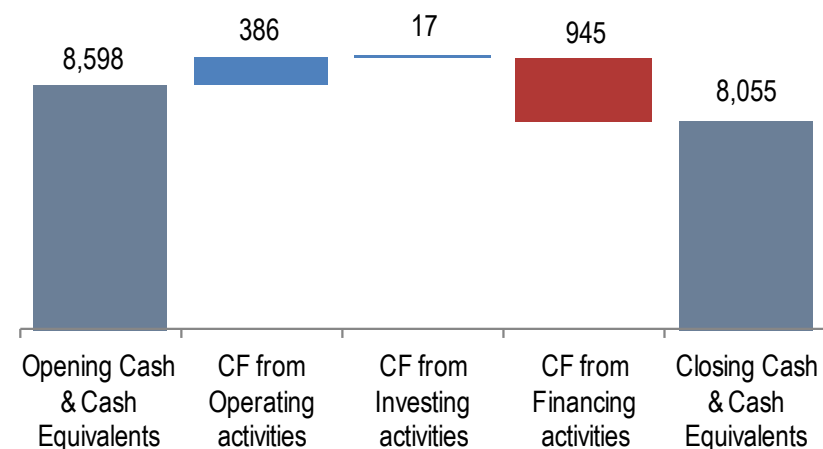


# Summary Cashflows



In AED mn	1H 2016	1H 2015	Change
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>1,937</b>	<b>2,650</b>	<b>(713)</b>
<b>Adjustments for:</b>			
Depreciation on property and equipment	7	7	0
Provision for employees' end-of-service indemnity	5	6	(1)
Amortisation of issue costs on Sukuk Certificates	1	2	(1)
Loss on retirement of property and equipment	0	1	(1)
Finance income	(57)	(41)	(16)
Finance costs	87	70	17
Reversal of impairment for trade receivables	0	(40)	40
<b>Operating cash flows before changes in working capital</b>	<b>1,981</b>	<b>2,655</b>	<b>(674)</b>
Incr in trade and other receivables	(168)	(921)	753
(Incr)/Decr in development properties	(450)	449	(899)
Decr in due to a related party	0	(40)	40
Decr in advances from customers	(1,000)	(193)	(806)
(Decr)/Incr in trade and other payables	69	(186)	255
<b>Net cash generated from operations</b>	<b>432</b>	<b>1,763</b>	<b>(1,331)</b>
Finance costs paid	(88)	(69)	(19)
Interest received	44	42	2
Employees' end of service indemnity paid	(3)	(2)	(2)
<b>Net cash generated from operating activities</b>	<b>386</b>	<b>1,735</b>	<b>(1,349)</b>
<b>Net cash (used in) / generated from investing activities</b>	<b>17</b>	<b>74</b>	<b>(57)</b>
<b>Net cash generated from financing activities</b>	<b>(945)</b>	<b>330</b>	<b>(1,275)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(542)</b>	<b>2,139</b>	
Opening Cash & Cash Equivalents	8,598	5,353	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>8,055</b>	<b>7,492</b>	

## Movement in cash and cash equivalents during 1H 2016



	Jun'16	Jun'15
Cash and bank balances	8,805	8,731
Fixed deposits with an original maturity of greater than three months	(749)	(1,239)
<b>Cash &amp; Cash Equivalents</b>	<b>8,055</b>	<b>7,492</b>

# Key In-progress projects contributing to revenue



Status of key in-progress projects contributing to revenue from constructed apartment as at 30 Jun 2016

	Schedule Year of Completion	Total Area ('000 sq ft)	% Recognised
<b>IN PROGRESS DEVELOPMENTS</b>			
BAY'S EDGE	2016	244	60-80%
DAMAC TOWERS BY PARAMOUNT	2017	2,123	40-60%
CELESTIA	2017	645	20-40%
DAMAC HEIGHTS	2017	899	20-40%
AVANTI TOWERS / CAPITAL BAY-C	2017	139	20-40%
PRIVÉ BY DAMAC	2018	668	20-40%
GHALIA	2018	476	<20%
THE VANTAGE	2018	359	<20%
AKOYA by DAMAC Apartments - Average	2016-2019	1,330	20-40%

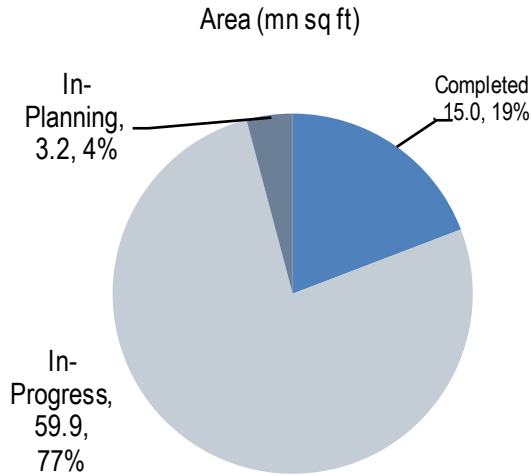
Note:

1. % Recognized is a factor of % area sold and % completion in any particular project.
2. For AKOYA, above data pertains only for the apartment buildings which meets threshold criteria and are eligible for revenue recognition.
3. Projects Completed during or before the period-end date does not form part of above table

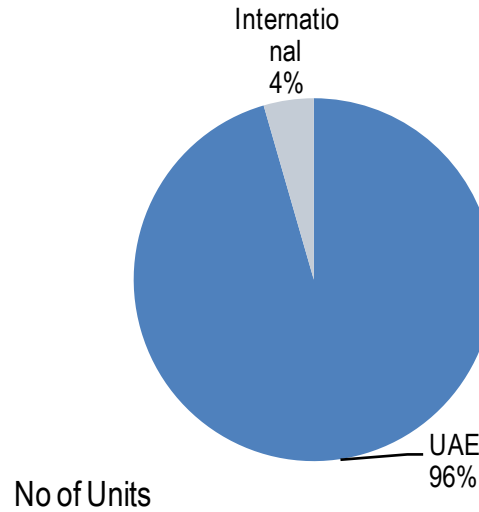
# Portfolio Overview (as at 30 Jun 2016)



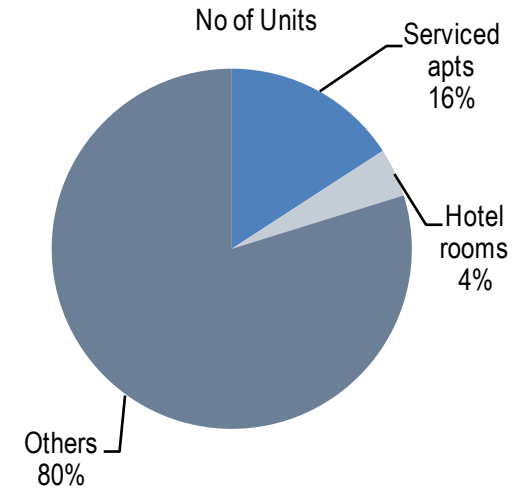
## Portfolio by development status



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



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



### UAE



No of projects	31
Units	42K+
Sellable area (mn sq ft)	60.7
Completion date	2016/21

### International



No of projects	7
Units	1.8K
Sellable area (mn sq ft)	2.5
Completion date	2017/19

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**Thank you**