

# ***DAMAC***

LIVE THE LUXURY

## **Interim Results Presentation**

**Half year ended 30 Jun 2014**



12 Aug 2014

# Disclaimer



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# DAMAC overview



## Headquarters in Dubai

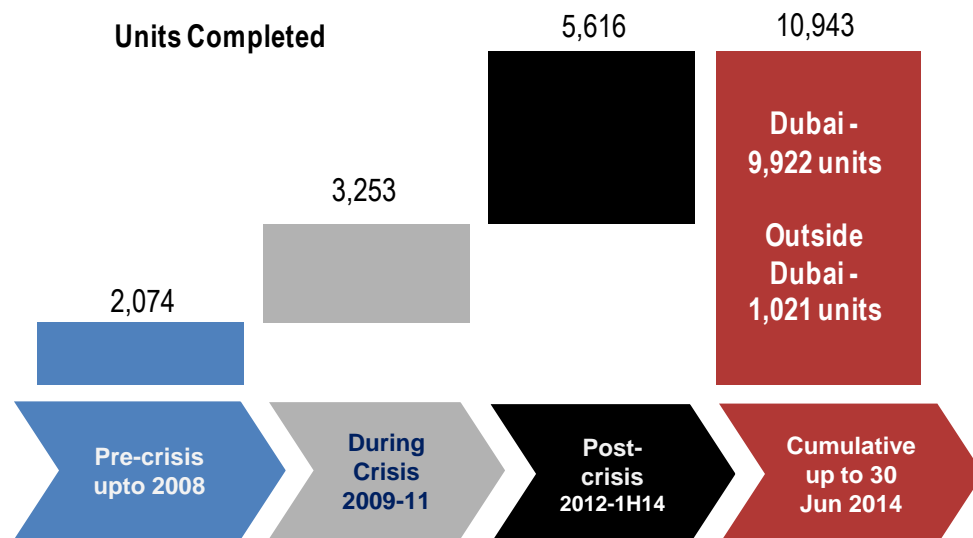
<b>32</b> mn sq ft development pipeline	<b>7</b> countries with projects in-progress and in-planning	<b>Over 10,000</b> Hospitality units in-progress
<b>c.1,800</b> employees	<b>c.600</b> sales staff in over 12 sales offices	<b>400+</b> Project execution and execution support team
<b>US\$1.7bn</b> Booked Sales in 1H14 <b>2013 - \$2.5bn</b>	<b>US\$1.0bn</b> Revenue in 1H14 <b>2013 - \$1.2bn</b>	<b>92%</b> of customers are non-UAE nationals (2007-1H14 sales value)

## Portfolio Overview

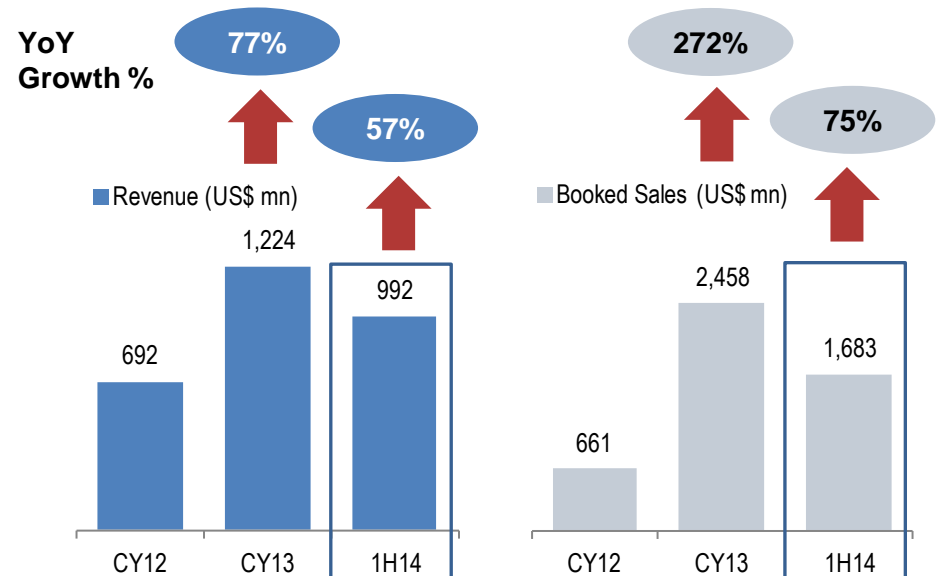
	Completed <sup>(1)</sup> projects	In-progress <sup>(2)</sup> and In-planning <sup>(3)</sup> projects
<b>Total:</b>	<b>10,943 units</b>	<b>Over 26,000 units</b>
<b>In Dubai:</b>	<b>91%</b>	<b>c.88%</b>

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: Sales Booking data as of 31 Dec 2012, 31 Dec 2013 and 30 Jun 2014 respectively

# 1H14 Performance highlights



<b>Revenue +57%</b>	<b>Gross profit +41%</b>	<b>Operating profit +39%</b>
<b>\$991.9m</b> (1H13: \$631.9m)	<b>\$569.5m</b> (1H13: \$402.7m)	<b>\$463.2m</b> (1H13: \$332.7m)
<b>Net profit +39%</b>	<b>Net cash flow +267% from operating activities</b>	<b>Total assets +41%</b>
<b>\$462.9m</b> (1H13: \$332.0m)	<b>\$593.5m</b> (1H13: \$161.5m)	<b>\$4,288.8m</b> (Dec'13: \$3,041.5m)
<b>Equity +70%</b>	<b>Cash +188%</b>	<b>Gross Debt</b>
<b>\$1,122.1m</b> (Dec'13: \$659.1m)	<b>\$1,664.1m</b> (Dec'13: \$578.2m)	<b>\$652.2m</b> (Dec'13: \$85.3m)
<b>Debt to Total Assets</b>	<b>Gross Margins -6.3ppt</b>	<b>Booked Sales +75%</b>
<b>15.2%</b> (Dec'13: 2.8%)	<b>57.4%</b> (1H13: 63.7%)	<b>\$1,682.6m</b> (1H13: \$960.0m)

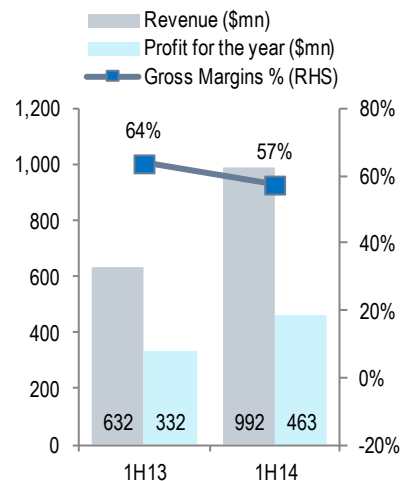
# Financial Review



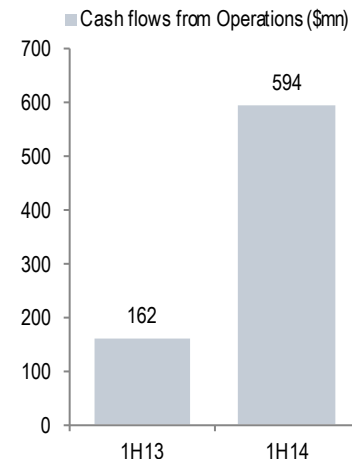
## 1H14 highlights

- **Revenues** grew 57% to \$991.9mn in 1H14 (1H13: \$631.9mn). Higher development revenue and land sales contributed to higher total revenue.
- **Gross margins** at 57.4% in 1H lower vs last year due to product mix.
- **Net profit** grew 39% to \$462.9mn in 1H14 (1H13: \$332.0mn)
- **Net Cash generated from operating activities** at \$593.5mn (1H13: \$161.5mn)
- **Total Assets** up 41% during the period, mainly led by \$1.1bn increase in '**Cash & Bank balance**'
- **Advances from customers** stood at \$1,805.9mn as at Jun'14. (Dec'13: \$1,715.3mn)
- Board proposed **Interim Dividend** of \$162mn. Implies dividend of c.US\$0.25/share; c.US\$0.75/GDR.
- Raised **Sukuk** worth \$650mn in Apr'14 (5 year maturity with fixed 4.97% interest).

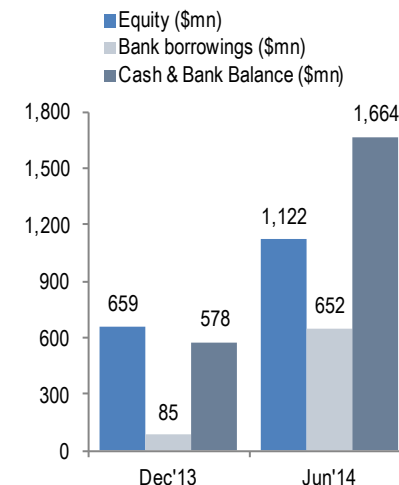
## Revenue and Profitability



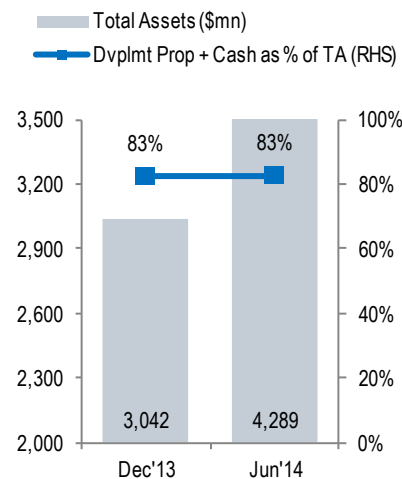
## Cashflow from Operations



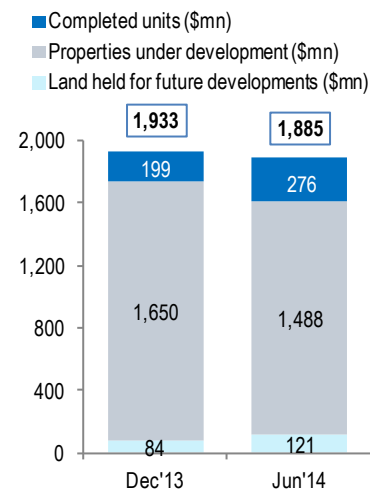
## Capital Structure



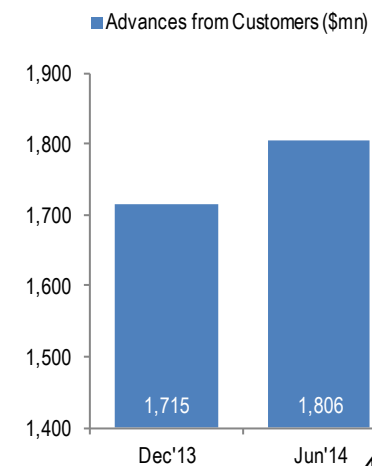
## Total Assets



## Development Properties



## Advances from Customers



# Statement of Financial Position



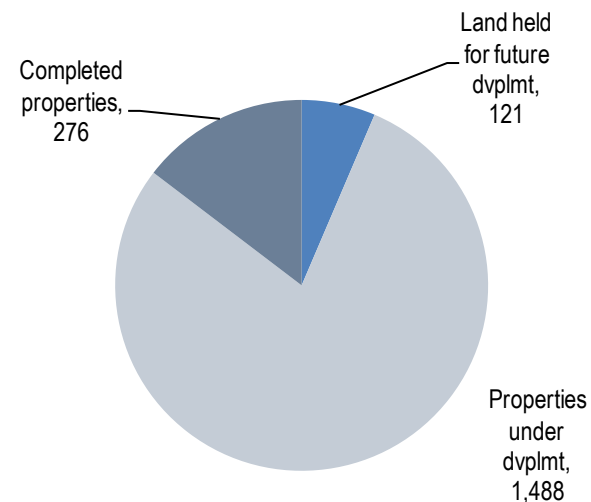
In US\$ mn	Jun'14	Dec'13	Change
<b>ASSETS</b>			
Property and equipment	15.1	12.5	2.6
Development properties	1,885.4	1,932.7	(47.3)
Other financial assets	130.5	77.9	52.6
Trade and other receivables	546.3	409.5	136.8
Financial investments	47.4	30.7	16.7
Cash and bank balances	1,664.1	578.2	1,085.9
<b>Total Assets</b>	<b>4,288.8</b>	<b>3,041.5</b>	<b>1,247.3</b>

<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	650.0	650.0	0.0
Statutory reserve	41.3	41.3	0.0
Group restructuring reserve	(566.7)	(566.7)	0.0
Investment revaluation reserve	0.1	0.5	(0.4)
Retained earnings	997.4	534.0	463.4
<b>Total Shareholders' Equity</b>	<b>1,122.1</b>	<b>659.1</b>	<b>463.0</b>

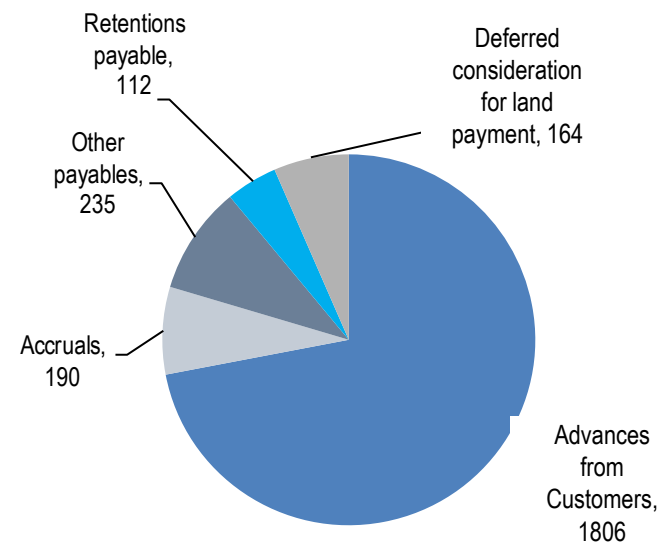
<b>Liabilities</b>			
Bank borrowings	8.4	85.3	(76.9)
Sukuk Certificates	643.8	0.0	643.8
Due to related parties	0.0	1.2	(1.2)
Provision for employees' end of service indemnity	6.4	4.9	1.5
Trade and other payables	2,508.1	2,291.0	217.1
<b>Total Liabilities</b>	<b>3,166.7</b>	<b>2,382.4</b>	<b>784.3</b>

<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>4,288.8</b>	<b>3,041.5</b>	<b>1,247.3</b>
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## Development Properties – Jun'14 (\$ mn)



## Trade and other payables - Jun'14 (\$ mn)

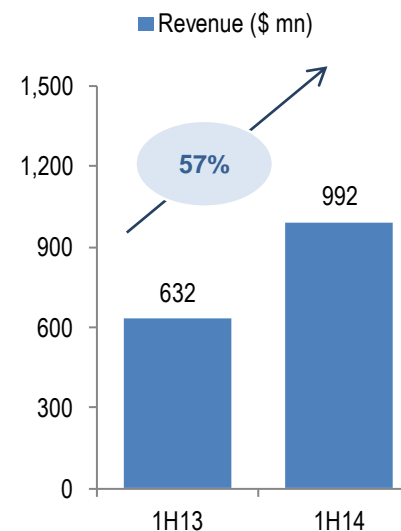


# Statement of Comprehensive Income

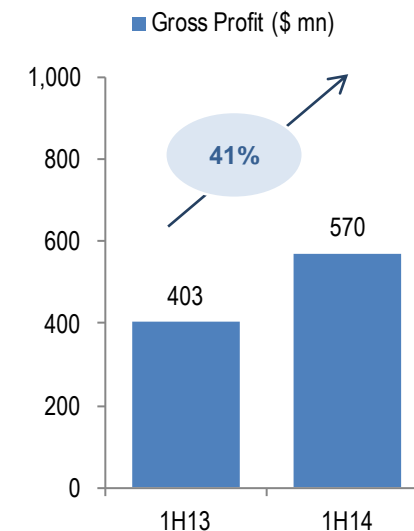


In US\$ mn	1H14	1H13	Growth
<b>Revenue</b>	<b>991.9</b>	<b>631.9</b>	<b>57%</b>
Cost of sales	(422.4)	(229.2)	84%
<b>Gross profit</b>	<b>569.5</b>	<b>402.7</b>	<b>41%</b>
<i>Gross profit margin</i>	<i>57.4%</i>	<i>63.7%</i>	
Other operating income	37.3	2.2	1595%
General, administrative and selling expenses	(111.2)	(90.4)	23%
Brokerage commissions	(30.7)	(7.3)	321%
Depreciation	(1.7)	(1.6)	6%
Reversal of impairment on development properties	0.0	27.1	-100%
<b>Operating profit</b>	<b>463.2</b>	<b>332.7</b>	<b>39%</b>
<i>Operating profit margin</i>	<i>46.7%</i>	<i>52.7%</i>	
Other Income	3.6	1.7	112%
Finance Income	4.8	0.9	433%
Finance Costs	(8.7)	(3.3)	164%
<b>Profit/(Loss) for the period</b>	<b>462.9</b>	<b>332.0</b>	<b>39%</b>
Items that may be reclassified subsequently to profit or loss	0.6	0.0	NA
<b>Total Comprehensive Income</b>	<b>463.5</b>	<b>332.0</b>	<b>40%</b>
<i>Net income margin</i>	<i>46.7%</i>	<i>52.5%</i>	

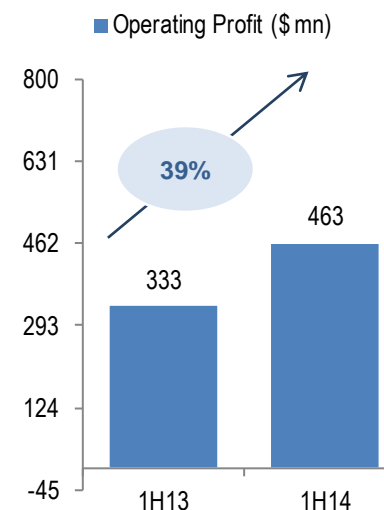
## Revenue



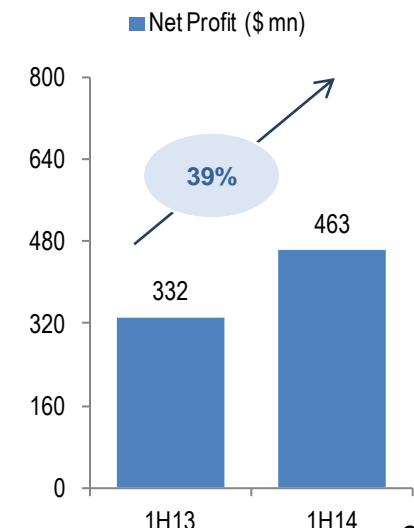
## Gross Profit



## Operating Profit



## Net Profit



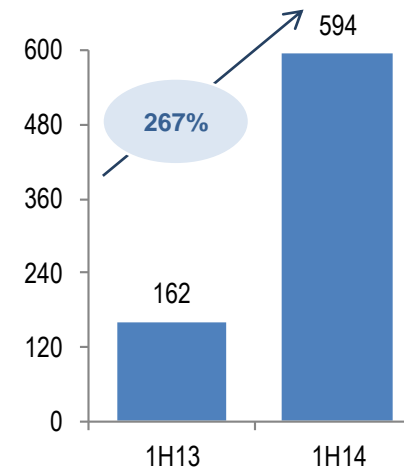
# Statement of Cash Flows



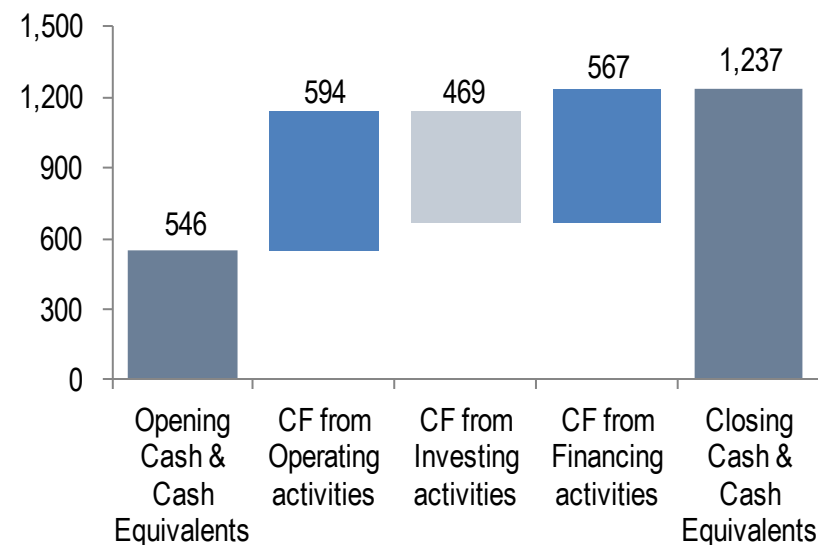
In US\$ mn	1H14	1H13	Change
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>462.9</b>	<b>332.0</b>	<b>130.9</b>
<b>Adjustments for:</b>			
Depreciation on property and equipment	1.7	1.6	0.1
Provision for employees' end of service indemnity	1.7	0.9	0.8
Loss on retirement of property & equipment	0.7	0.0	0.7
Loss on disposal of financial investments	0.3	0.0	0.3
Provision for impairment for trade receivables	3.5	25.3	(21.8)
Reversal of impairment on development properties	0.0	(27.1)	27.1
Finance costs	8.7	3.3	5.4
Finance income	(4.8)	(0.9)	(3.9)
<b>Operating cash flows before changes in working capital</b>	<b>474.7</b>	<b>335.1</b>	<b>139.6</b>
Increase in trade and other receivables	(140.6)	(118.9)	(21.7)
Decr/(Incr) in development properties	47.3	(95.6)	142.9
(Incr) /Decr in due to related parties	(1.2)	62.7	(63.9)
Incr/(Decr) in trade and other payables	219.9	(17.9)	237.8
<b>Net cash generated from operations</b>	<b>600.1</b>	<b>165.4</b>	<b>434.7</b>
Finance costs paid	(11.5)	(3.8)	(7.7)
Interest received	5.1	0.3	4.8
Employees' end of service indemnity paid	(0.2)	(0.4)	0.2
<b>Net cash generated from operating activities</b>	<b>593.5</b>	<b>161.5</b>	<b>432.0</b>
<b>Net cash used in investing activities</b>	<b>(469.3)</b>	<b>(5.1)</b>	<b>(464.2)</b>
<b>Net cash generated from financing activities</b>	<b>566.9</b>	<b>13.9</b>	<b>553.0</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>691.1</b>	<b>170.3</b>	
Opening Cash & Cash Equivalents	545.7	105.8	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>1,236.8</b>	<b>276.1</b>	

## Net Cash flow from operating activities

■ Net Cash flow from Operations (\$ mn)



## Movement in cash and cash equivalents during 1H14





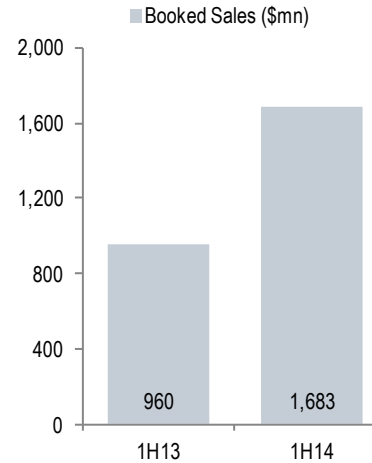
# Operational Review



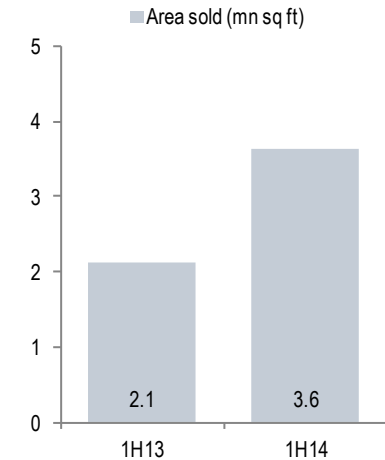
## 1H14 highlights

- **Booked sales** worth \$1,683mn in 1H14 vs \$960mn in 1H13
- **AKOYA by DAMAC** launched in Jun'13 witnessed total sales of c.\$1.44bn up to Jun'14.
- **DAMAC Towers by Paramount** has recorded booked sales of over \$700mn up to Jun'14.
- **Completed** 1,634units in 1H14 across 5 projects. Cumulative delivery till date 10,943units.
- **Construction** progressing as planned across project under development.
- Completed first **International Project** Al Jawharah in KSA (300 Units).
- **Key launches during the period** were, Celestia, Vantage, Allure and Burj DAMAC Waterfront (Qatar) and Constella (first officially certified Sharia compliant development in the region).
- 1.3Km **AKOYA Drive** / most expansive outdoor shopping experience in Dubai.
- **Hospitality** – Launch of new hospitality brand NAIA by DAMAC.
- Over 700 hospitality units under operation.

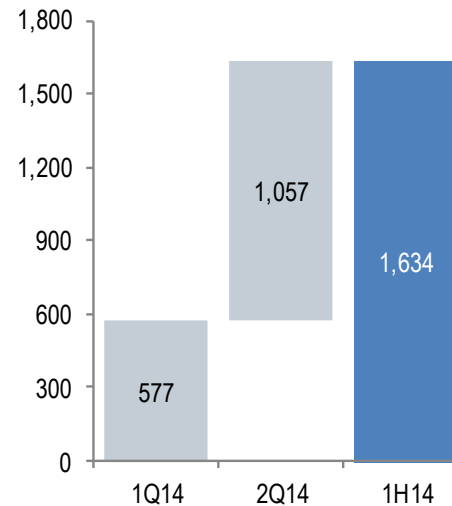
## Booked Sales



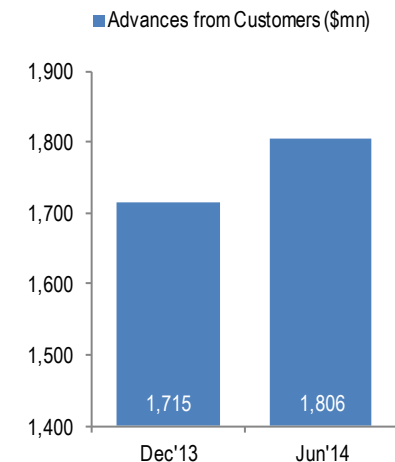
## Area Sold



## Units completed



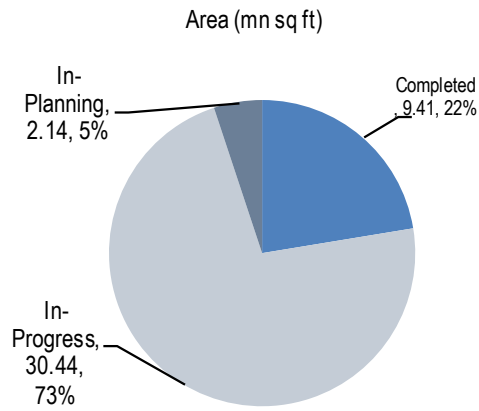
## Advances from Customers



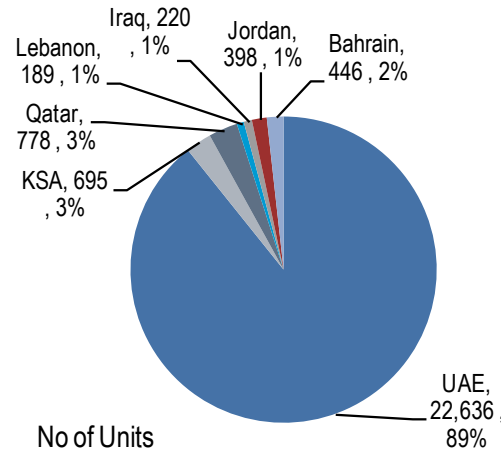
# Portfolio Overview (as at Dec'13)



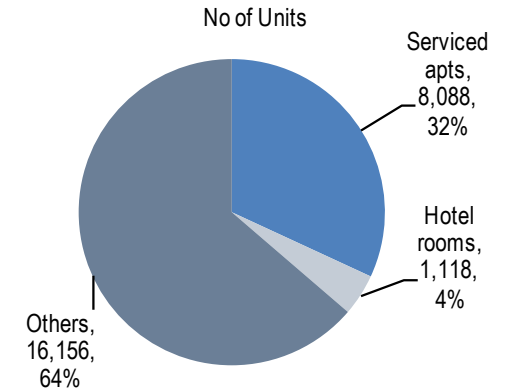
## Portfolio key development status



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



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



### Dubai, UAE

	No of projects	30
	Units	22,097
	Sellable area (k sq ft)	28,259
	Completion date	2014/17

### Jeddah & Riyadh, Saudi Arabia

	No of projects	2
	Units	695
	Sellable area (k sq ft)	1,026
	Completion date	2014/16

### Doha, Qatar

	No of projects	4
	Units	778
	Sellable area (k sq ft)	833
	Completion date	2014/16


### Abu Dhabi, UAE

	No of projects	1
	Units	539
	Sellable area (k sq ft)	607
	Completion date	2017

### Beirut, Lebanon

	No of projects	1
	Units	189
	Sellable area (k sq ft)	344
	Completion date	2015


### Baghdad, Iraq

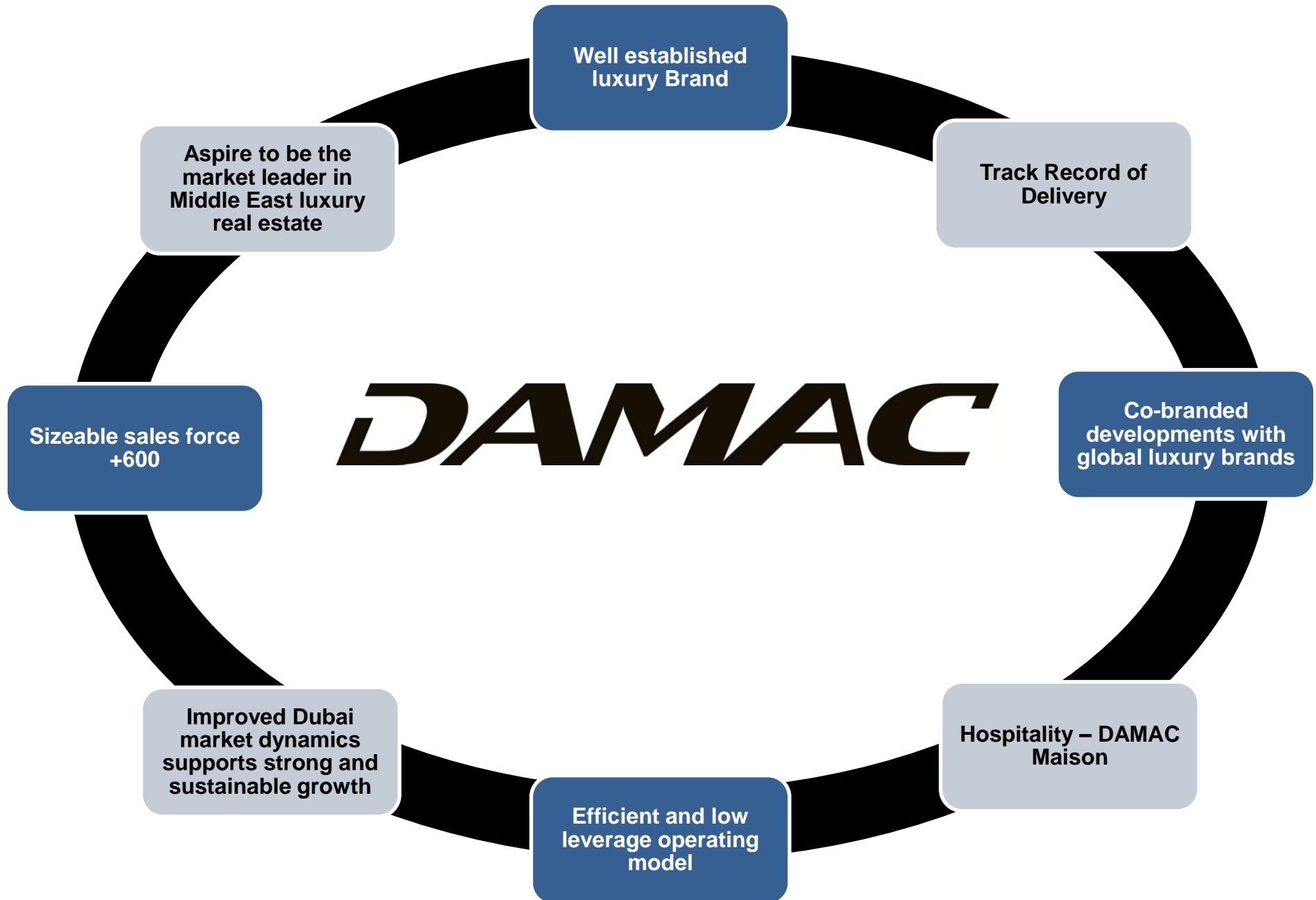
	No of projects	2
	Units	220
	Sellable area (k sq ft)	552
	Completion date	2016

### Amman, Jordan

	No of projects	1
	Units	398
	Sellable area (k sq ft)	527
	Completion date	2014

### Bahrain

	No of projects	1
	Units	446
	Sellable area (k sq ft)	429
	Completion date	NA



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**Thank you**