

# ***DAMAC***

LIVE THE LUXURY

## **Interim Results Presentation**

**Nine months ended 30 Sep 2014**



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# DAMAC overview



## Headquarters in Dubai

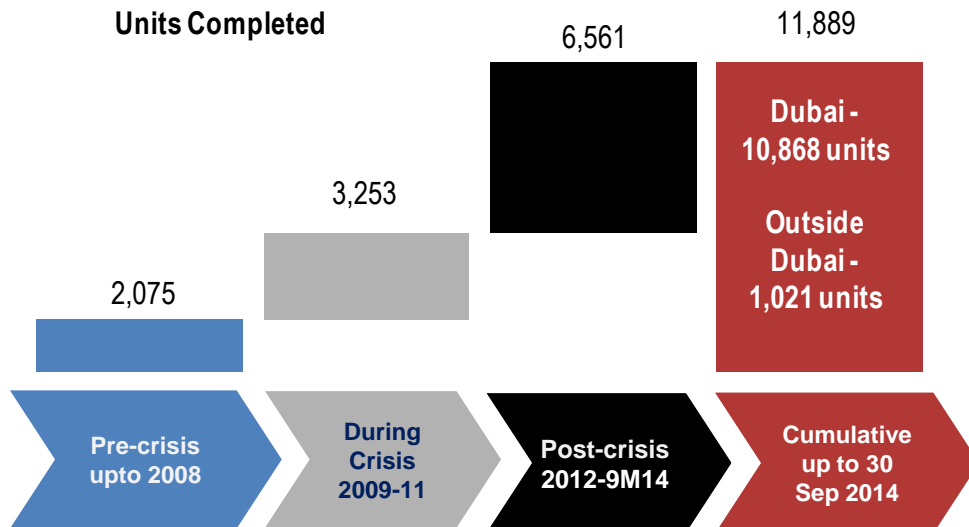
<b>55</b> mn sq ft development pipeline	<b>7</b> countries with projects in-progress and in-planning	<b>c.10,000</b> Hospitality units in-progress and In-planning
<b>c.1,800</b> employees	<b>c.600</b> sales staff in over 12 sales offices	<b>400+</b> Project execution and execution support team
<b>US\$2.4bn</b> Booked Sales in 9M14 <b>2013 - \$2.5bn</b>	<b>US\$1.6bn</b> Revenue in 9M14 <b>2013 - \$1.2bn</b>	<b>91%</b> of customers are non-UAE nationals (2007-9M14 sales Value)

## Portfolio Overview

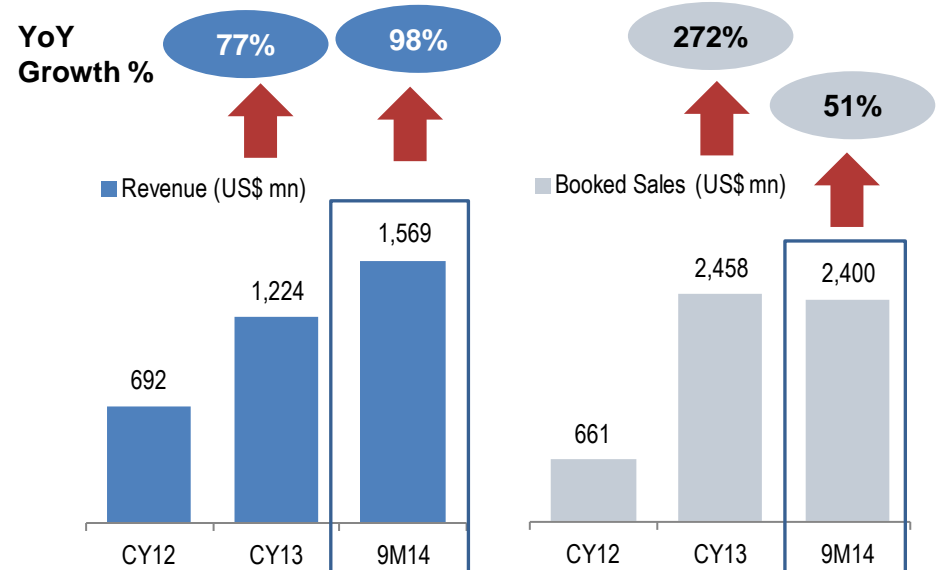
	Completed <sup>(1)</sup> projects	In-progress <sup>(2)</sup> and In-planning <sup>(3)</sup> projects
<b>Total:</b>	<b>11,889 units</b>	<b>c.39,000 units</b>
<b>In Dubai:</b>	<b>91%</b>	<b>c.92%</b>

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 Sep 2014 respectively

# 9M14 Performance highlights



<b>Revenue +98%</b>	<b>Gross profit +84%</b>	<b>Operating profit +65%</b>
<b>\$1,569.2m</b> (9M13: \$792.5m)	<b>\$909.5m</b> (9M13: \$493.5m)	<b>\$688.1m</b> (9M13: \$416.8m)
<b>Net profit +65%</b>	<b>Net cash flow +211% from operating activities</b>	<b>Total assets +60%</b>
<b>\$687.2m</b> (9M13: \$416.4m)	<b>\$741.2m</b> (9M13: \$238.3m)	<b>\$4,862.8m</b> (Dec'13: \$3,041.5m)
<b>Equity +80%</b>	<b>Cash +177%</b>	<b>Gross Debt</b>
<b>\$1,184.3m</b> (Dec'13: \$659.1m)	<b>\$1,603.0m</b> (Dec'13: \$578.2m)	<b>\$651.0m</b> (Dec'13: \$85.3m)
<b>Debt to Total Assets</b>	<b>Gross Margins -4.3ppt</b>	<b>Booked Sales +51%</b>
<b>13.4%</b> (Dec'13: 2.8%)	<b>58.0%</b> (9M13: 62.3%)	<b>\$2,400.0m</b> (9M13: \$1592.4m)

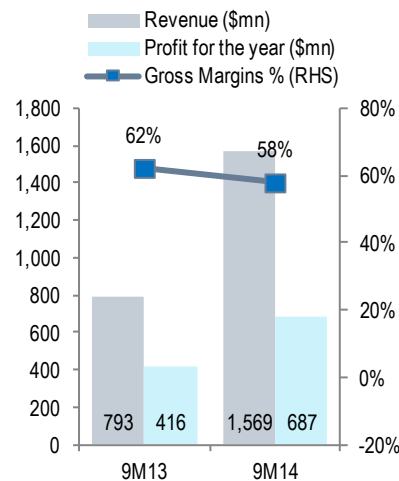
# Financial Review



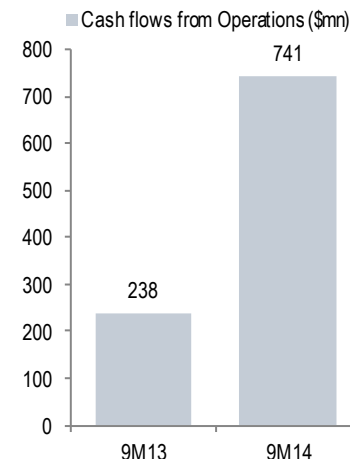
## 9M14 highlights

- **Revenues** grew 98% to \$1,569.2mn in 9M14 (9M13: \$792.5mn). Higher development revenue and land sales on villa units contributed to higher total revenue.
- **Gross margins** at 58.0% in 9M14 lower vs last year due to product mix.
- **Net profit** grew 65% to \$687.2mn in 9M14 (9M13: \$416.4mn)
- **Net Cash generated from operating activities** at \$741.2mn (9M13: \$238.3mn)
- **Total Assets** up 60% during the 9M period, mainly led by \$1.0bn increase in '**Cash & Bank balance**'
- **Advances from customers** stood at \$1,890.5mn as at Sep'14. (Dec'13: \$1,715.3mn)
- Cash **Dividend** of \$162mn paid out in Aug'14. 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).

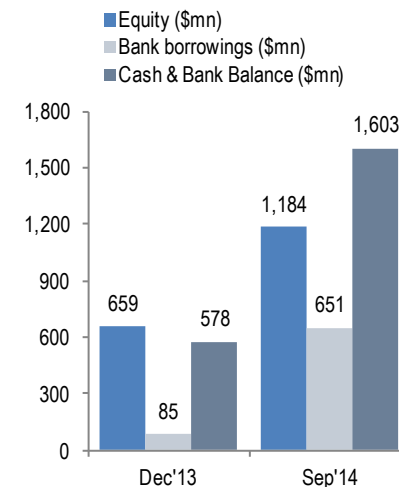
## Revenue and Profitability



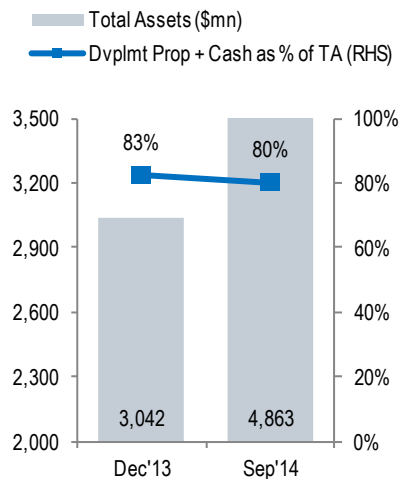
## Cashflow from Operations



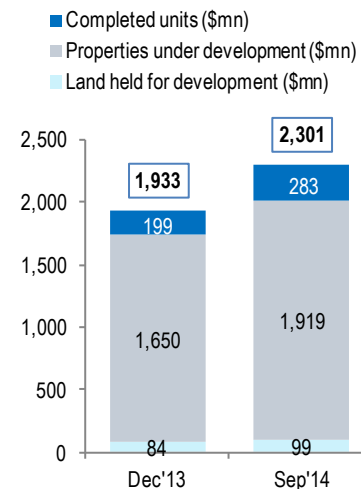
## Capital Structure



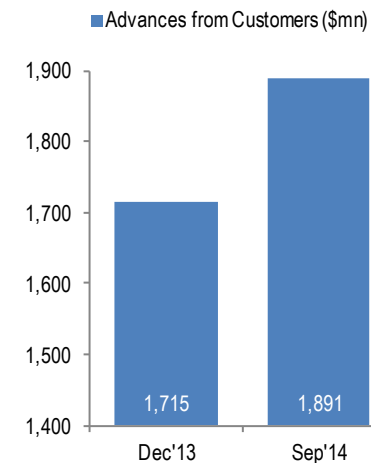
## Total Assets



## Development Properties



## Advances from Customers



# Statement of Financial Position



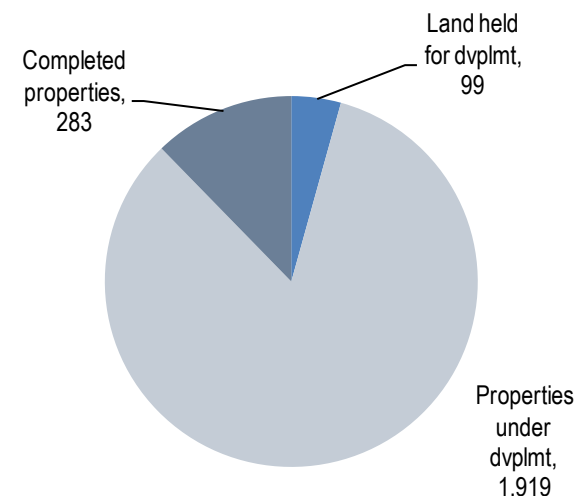
In US\$ mn	Sep'14	Dec'13	Change
<b>ASSETS</b>			
Property and equipment	15.7	12.5	3.2
Development properties	2,301.4	1,932.7	368.7
Other financial assets	220.5	77.9	142.6
Trade and other receivables	717.2	409.5	307.7
Financial investments	5.0	30.7	(25.7)
Cash and bank balances	1,603.0	578.2	1,024.8
<b>Total Assets</b>	<b>4,862.8</b>	<b>3,041.5</b>	<b>1,821.3</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	0.0	0.5	(0.5)
Retained earnings	1,059.7	534.0	525.7
<b>Total Shareholders' Equity</b>	<b>1,184.3</b>	<b>659.1</b>	<b>525.2</b>

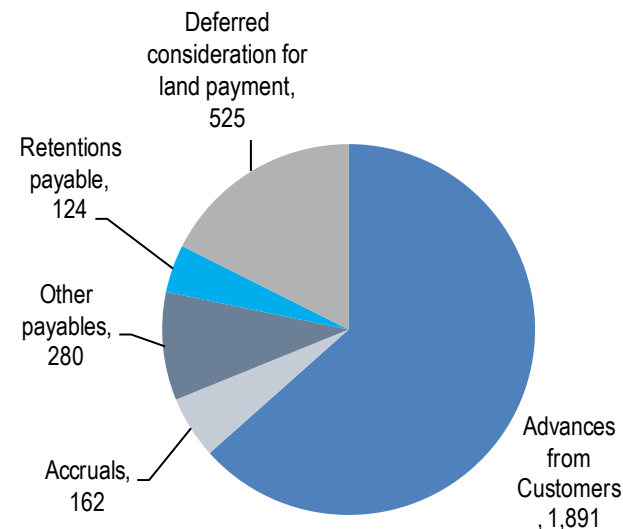
<b>Liabilities</b>			
Bank borrowings	7.0	85.3	(78.3)
Sukuk Certificates	644.0	0.0	644.0
Due to related parties	39.9	1.2	38.7
Provision for employees' end of service indemnity	7.0	4.9	2.1
Trade and other payables	2,980.6	2,291.0	689.6
<b>Total Liabilities</b>	<b>3,678.5</b>	<b>2,382.4</b>	<b>1,296.1</b>

<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>4,862.8</b>	<b>3,041.5</b>	<b>1,821.3</b>
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## Development Properties – Sep'14 (\$ mn)



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

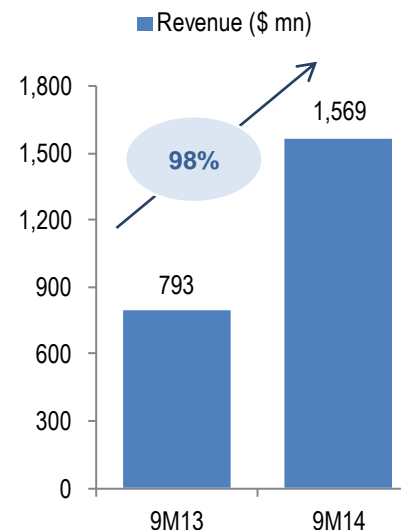


# Statement of Comprehensive Income

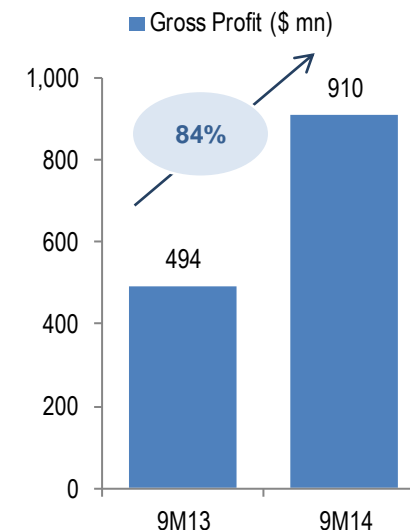


In US\$ mn	9M14	9M13	Growth
<b>Revenue</b>	<b>1,569.2</b>	<b>792.5</b>	<b>98%</b>
Cost of sales	(659.7)	(299.0)	121%
<b>Gross profit</b>	<b>909.5</b>	<b>493.5</b>	<b>84%</b>
<i>Gross profit margin</i>	<i>58.0%</i>	<i>62.3%</i>	
Other operating income	39.0	67.5	-42%
General, administrative and selling expenses	(215.3)	(139.2)	55%
Brokerage commissions	(42.4)	(29.6)	43%
Depreciation	(2.7)	(2.5)	8%
Reversal of impairment on development properties	0.0	27.1	-100%
<b>Operating profit</b>	<b>688.1</b>	<b>416.8</b>	<b>65%</b>
<i>Operating profit margin</i>	<i>43.9%</i>	<i>52.6%</i>	
Other Income	6.5	2.3	183%
Finance Income	9.7	2.4	304%
Finance Costs	(17.1)	(5.1)	235%
<b>Profit/(Loss) for the period</b>	<b>687.2</b>	<b>416.4</b>	<b>65%</b>
Items that may be reclassified subsequently to profit or loss	0.5	0.3	NA
<b>Total Comprehensive Income</b>	<b>687.7</b>	<b>416.7</b>	<b>65%</b>
<i>Net income margin</i>	<i>43.8%</i>	<i>52.6%</i>	

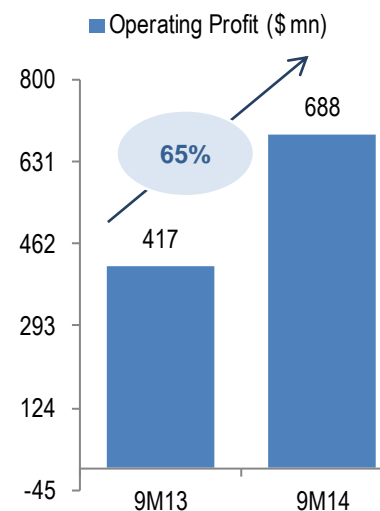
## Revenue



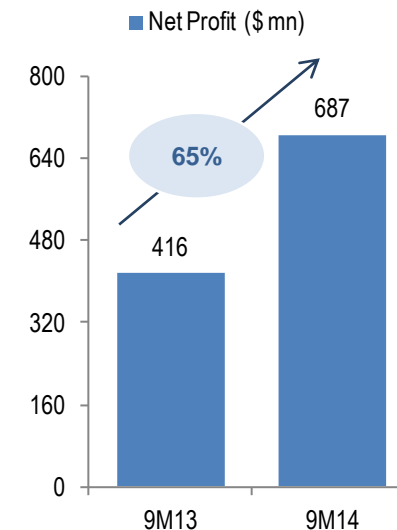
## Gross Profit



## Operating Profit



## Net Profit



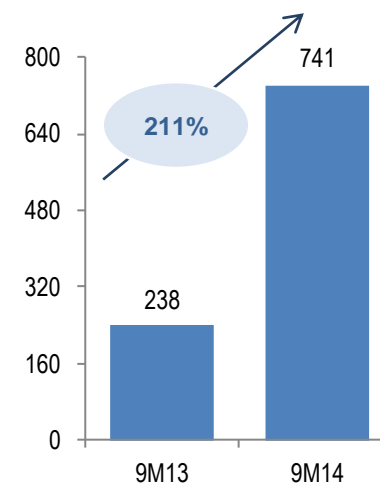
# Statement of Cash Flows



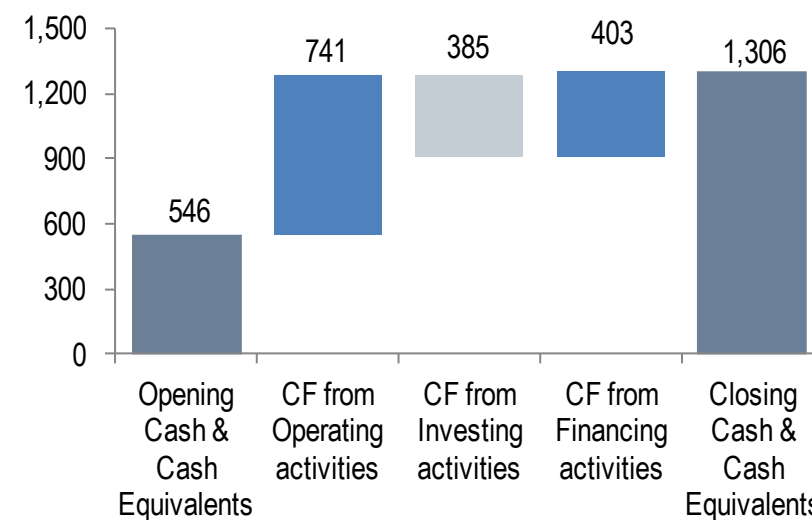
In US\$ mn	9M14	9M13	Change
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>687.2</b>	<b>416.4</b>	<b>270.8</b>
<b>Adjustments for:</b>			
Depreciation on property and equipment	2.7	2.5	0.2
Provision for employees' end of service indemnity	2.4	1.1	1.3
Loss on retirement 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	42.5	25.3	17.2
Amortisation of issue costs on Sukuk certificates	0.3	0.0	0.3
Reversal of impairment on development properties	0.0	(27.1)	27.1
Finance costs	17.1	5.1	12.0
Finance income	(9.7)	(2.4)	(7.3)
<b>Operating cash flows before changes in working capital</b>	<b>743.5</b>	<b>420.9</b>	<b>322.6</b>
Incr in trade and other receivables	(349.9)	(128.6)	(221.3)
Incr in development properties	(372.7)	(128.3)	(244.4)
Incr in due to related parties	38.7	53.5	(14.8)
Incr in trade and other payables	683.8	21.9	661.9
<b>Net cash generated from operations</b>	<b>743.4</b>	<b>239.4</b>	<b>504.0</b>
Finance costs paid	(11.3)	(3.9)	(7.4)
Interest received	9.4	3.4	6.0
Employees' end of service indemnity paid	(0.3)	(0.6)	0.3
<b>Net cash generated from operating activities</b>	<b>741.2</b>	<b>238.3</b>	<b>502.9</b>
<b>Net cash (used in) from investing activities</b>	<b>(384.7)</b>	<b>(28.0)</b>	<b>(356.7)</b>
<b>Net cash (used in)/generated from financing activities</b>	<b>403.4</b>	<b>15.8</b>	<b>387.6</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>759.9</b>	<b>226.1</b>	
Opening Cash & Cash Equivalents	545.7	105.8	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>1,305.6</b>	<b>331.9</b>	

## Net Cash flow from operating activities

■ Net Cash flow from Operations (\$ mn)



## Movement in cash and cash equivalents during 9M14





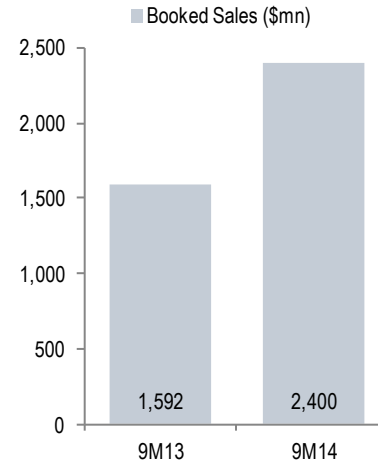
# Operational Review



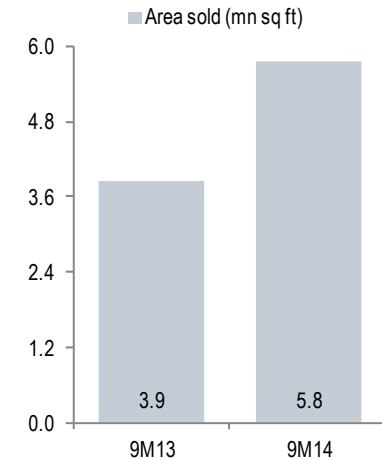
## 9M14 highlights

- **Booked sales** worth \$2,400mn in 9M14 vs \$1,592mn in 9M13
- **AKOYA by DAMAC** launched in Jun'13 witnessed total sales of c.\$1.7bn up to Sep'14.
- **DAMAC Towers by Paramount** has recorded booked sales c.\$750mn up to Sep'14.
- **Completed** 2,581 units in 9M14 across 7 projects. Cumulative delivery till date 11,889 units.
- **Construction** progressing as planned across projects under development.
- Completed first **International Project** Al Jawharah in KSA (300 Units).
- **Key launches during the period** were, Akoya Oxygen, Celestia, Vantage, Allure and Burj DAMAC Waterfront (Qatar) and Constella (first officially certified Sharia compliant development in the region)
- 2.5Km **AKOYA Drive** / most expansive outdoor shopping experience in Dubai.
- **Hospitality** - Launch of new hospitality brand NAIA by DAMAC.

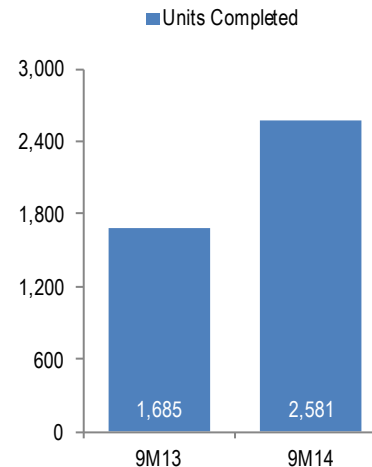
## Booked Sales



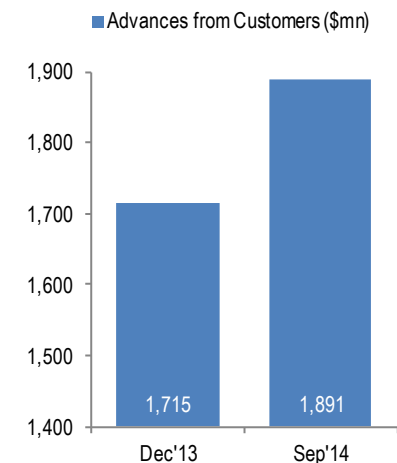
## Area Sold



## Units completed



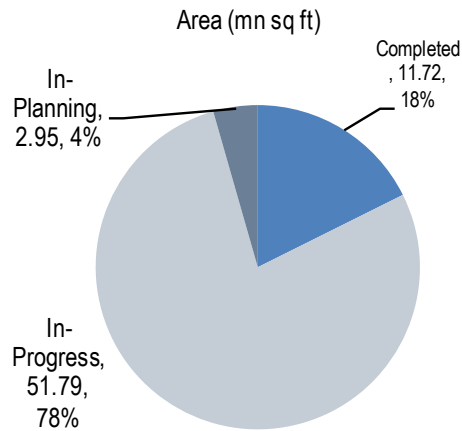
## Advances from Customers



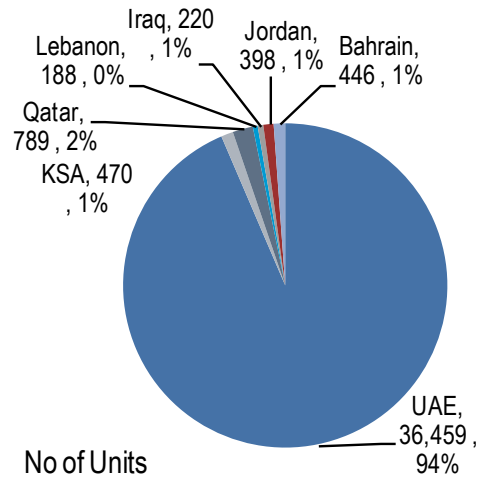
# Portfolio Overview (as at 30 Sep 2014)



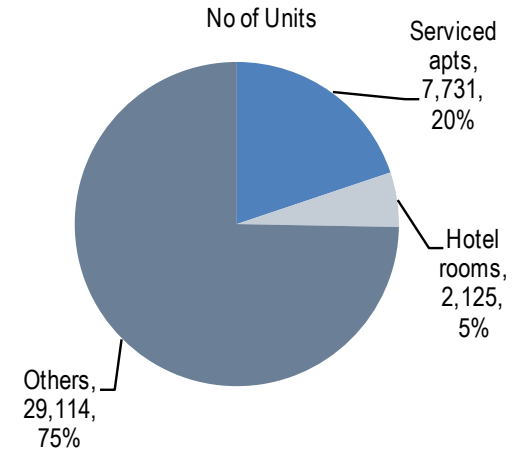
## Portfolio key development status



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



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



### Dubai, UAE

	No of projects	31
	Units	35,814
	Sellable area (k sq ft)	50,880
	Completion date	2014/19

### Riyadh, Saudi Arabia

	No of projects	1
	Units	470
	Sellable area (k sq ft)	584
	Completion date	2016

### Doha, Qatar

	No of projects	4
	Units	789
	Sellable area (k sq ft)	845
	Completion date	2015/17


### Abu Dhabi, UAE

	No of projects	1
	Units	645
	Sellable area (k sq ft)	582
	Completion date	2018

### Beirut, Lebanon

	No of projects	1
	Units	188
	Sellable area (k sq ft)	341
	Completion date	2015


### Baghdad, Iraq

	No of projects	2
	Units	220
	Sellable area (k sq ft)	552
	Completion date	2018/19

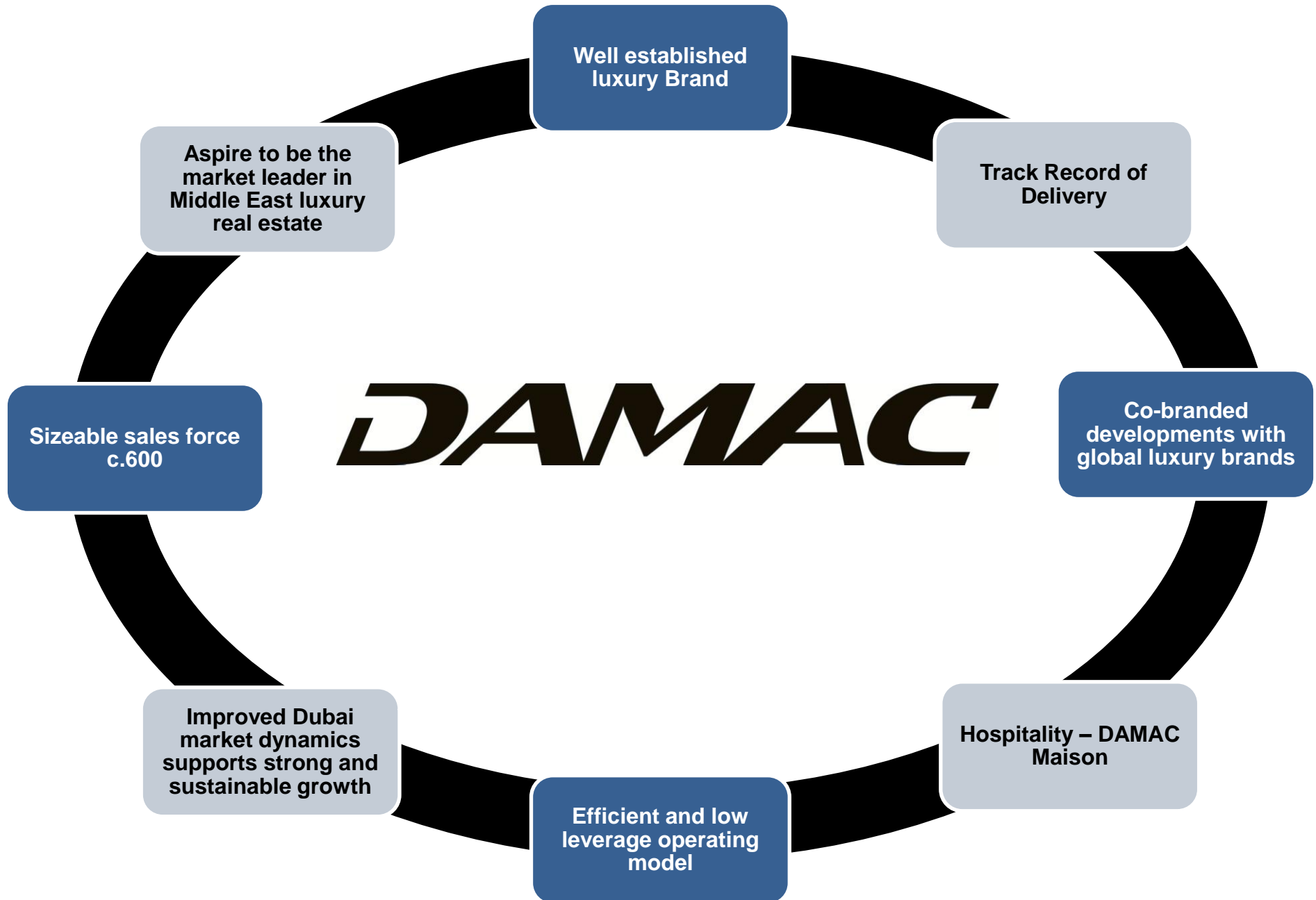
### Amman, Jordan

	No of projects	1
	Units	398
	Sellable area (k sq ft)	527
	Completion date	2015

### Bahrain

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

# Key Messages



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**Thank you**