

DAMAC

LIVE THE LUXURY

Interim Results Presentation

Nine months ended 30 Sep 2015



Disclaimer

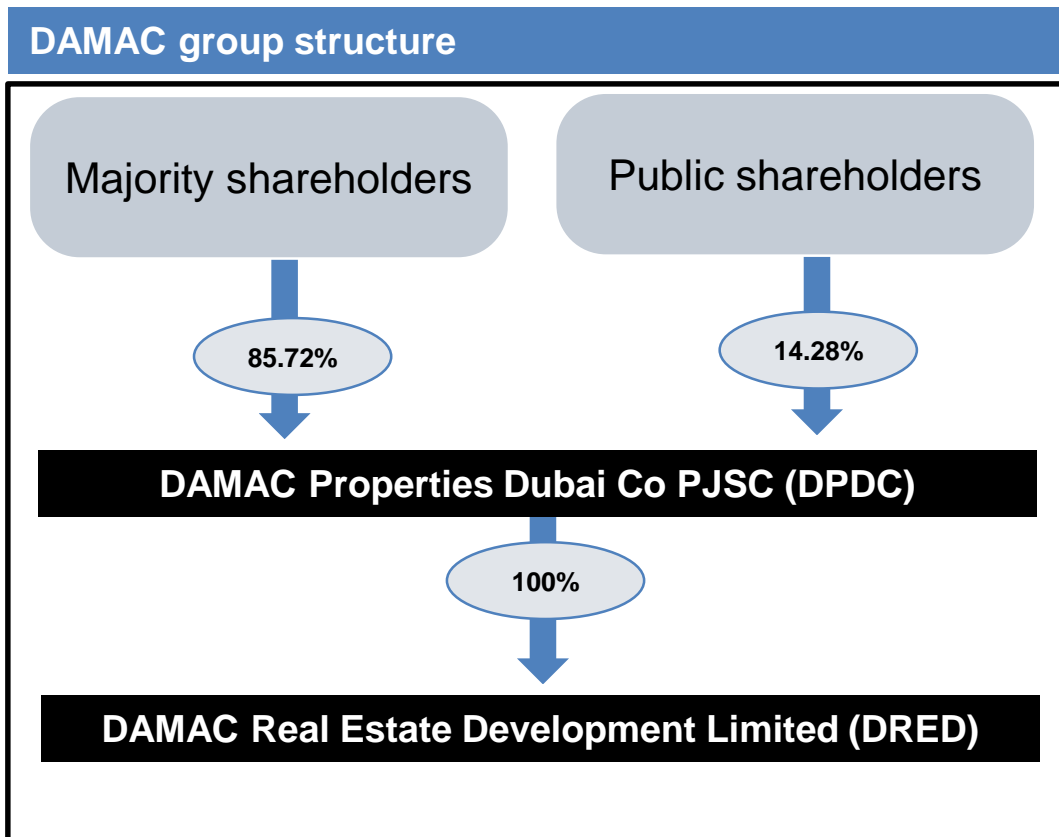


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Group Structure



DRED is a wholly owned subsidiary of DPDC and owner of all real estate assets

Following presentation relates to performance of DRED whose reporting currency is US dollar.

Timeline of how DPDC acquired ownership interest in DRED

30 Jun 2014	9 Jan 2015	16 Mar 2015:
Acquired controlling interest of 85.72% from majority shareholder	GDR exchange offer increased ownership to c.99.63%	Statutory squeeze out raised shareholding to 100%

DAMAC Overview



Headquarters in Dubai

54 mn sq ft development pipeline	7 countries with projects in-progress and in-planning	10,000+ Hospitality units in-progress and In-planning
2,200+ employees	700+ sales staff	450+ Project execution and execution support team
\$1.9bn Booked Sales in 9M 2015	\$1.8bn Revenue in 9M 2015	\$1.0bn Net Profit in 9M 2015
FY 2014 - \$3.1bn	FY 2014 - \$2.0bn	FY 2014 - \$0.94bn

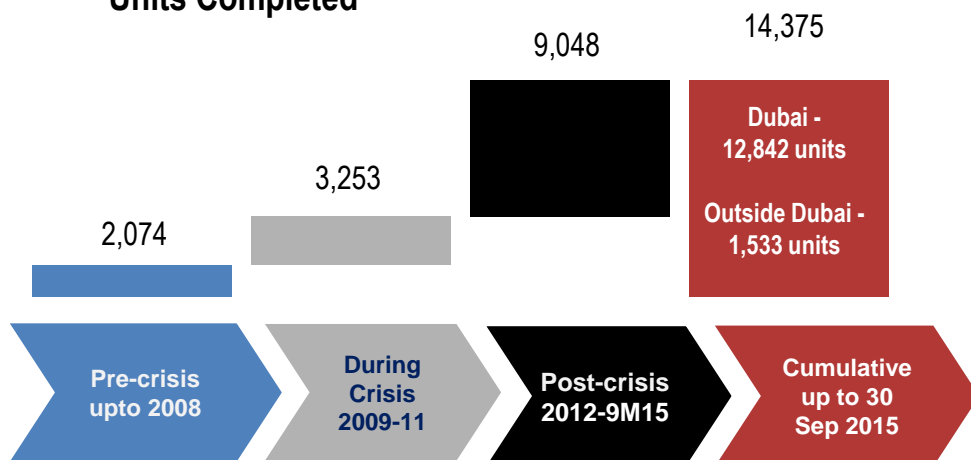
Portfolio Overview

	Completed ⁽¹⁾ projects	In-progress ⁽²⁾ and In-planning ⁽³⁾ projects
Total:	14,375 units	Over 37,000 units
In Dubai:	89%	c.93%

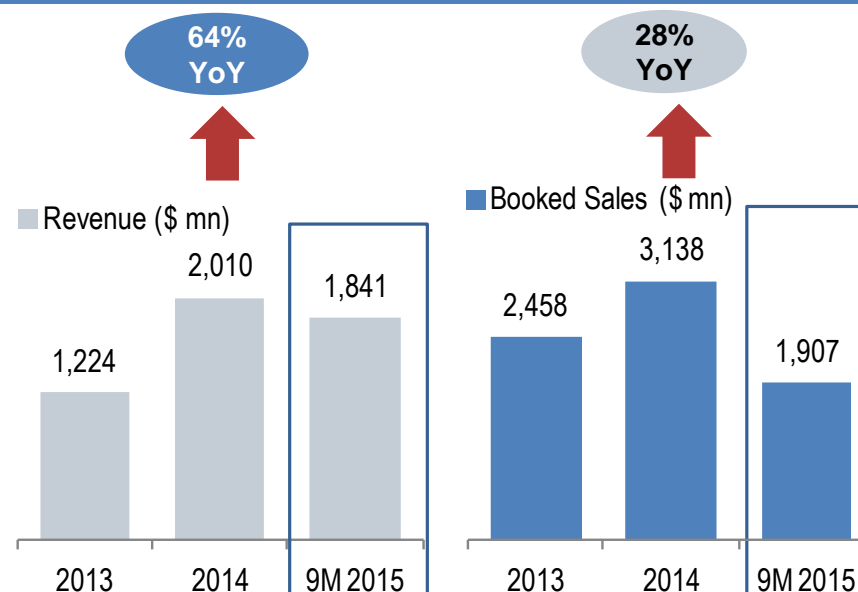
Note: Exchange rate US\$/AED= 0.2721 used in the whole presentation
 (1) Completed projects: projects with Building Completion (BCC) received
 (2) In-progress projects: projects with enabling works started / consultant appointed
 (3) In-planning projects: projects with no consultant appointed

Strong delivery track record across economic cycle

Units Completed



Performance highlights



Note: Sales Booking data as of 31 Dec 2013, 31 Dec 2014 and 30 Sep 2015 respectively

9M 2015 Performance Highlights



Revenue +17%	Gross profit +23%	Operating profit +46%
\$1,841.4m (9M 2014: \$1,569.2m)	\$1,118.2m (9M 2014: 909.5m)	\$1,004.2m (9M 2014: \$688.1m)
Net profit +45%	Net cash flow from operating activities	Total assets +18%
\$999.5m (9M 2014: \$687.2m)	\$633.5m (9M 2014: \$741.2m)	\$6,027.3m (Dec'14: \$5,122.7m)
Equity +71%	Cash and Bank +49%	Gross Debt +37%
\$2,446.0m (Dec'14: \$1,433.6m)	\$2,684.6m (Dec'14: \$1,799.3m)	\$986.1m (Dec'14: \$719.6m)
Debt to Total Assets	Gross Margins +2.7% pt	Cash & Dvplmt Prop as % of Total Assets
16.4% (Dec'14: 14.0%)	60.7% (9M 2014: 58.0%)	79.5% (Dec'14: 80.6%)

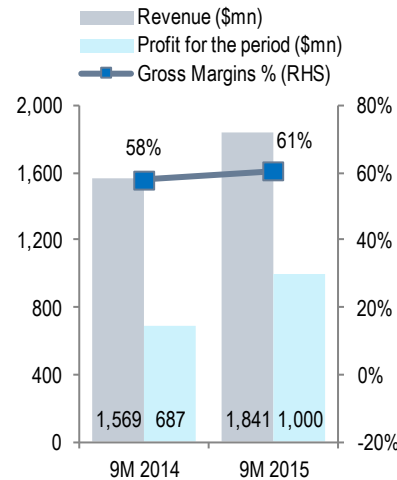
Performance Review



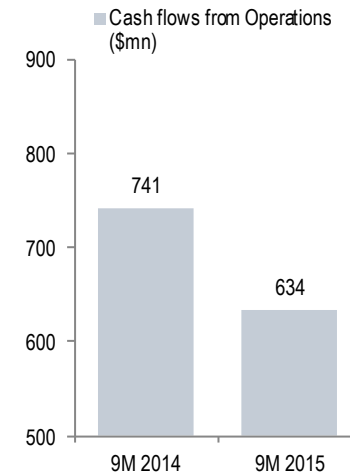
9M 2015 highlights

- **Revenues** grew 17% to \$1841mn in 9M 2015 (9M 2014: \$1,569mn). DAMAC has decided to early adopt IFRS15 w.e.f. 1 Jan 2015.
- **Gross margins** at 60.7% in 9M 2015 . 2.7% higher vs. 9M 2014 58.0%.
- **Net profit** grew 45% to \$1bn in 9M 2015 (9M 2014: \$687mn).
- **Net Cash generated from operating activities** at \$634mn reflective of highly cash generative nature of business.
- **Total Assets** up 18% during 9M to \$6.0bn, mainly driven by increase in '**Cash & Bank balance**' backed by higher cash collections.
- **Development properties and cash** comprises 79% of total assets. **Advances from customers** stood at \$1,520mn as at Sep'15.
- **Gross Debt** stood at \$986.1mn as at 30 Sep 2015. **Cash and bank** balance stands at \$2,684.6mn as at 30 Sep 2015
- **Booked Sales** of \$1.9bn for 9M 2015; **Area sold** in 9M 2015 at 6.24mn sq ft is 8.5% higher than last year
- **Total deliveries** of 1,511 units in 9M 2015

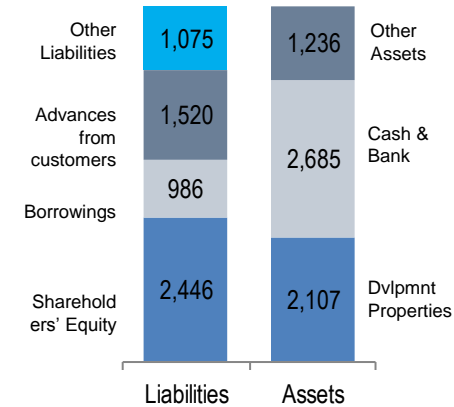
Revenue and Profitability



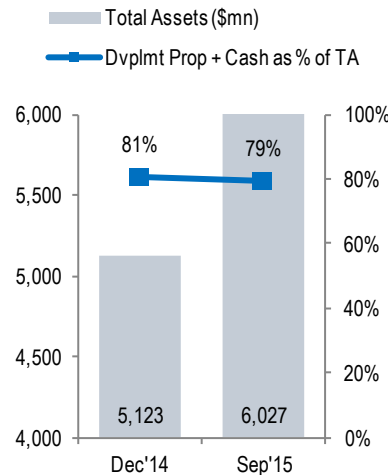
Cashflow from Operations



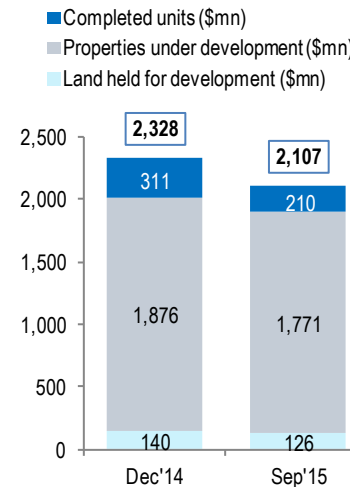
Capital Structure



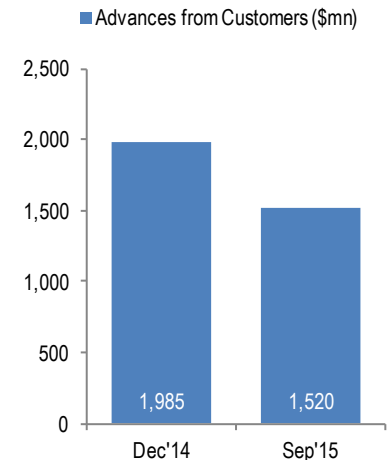
Total Assets



Development Properties



Advances from Customers



Statement of Financial Position



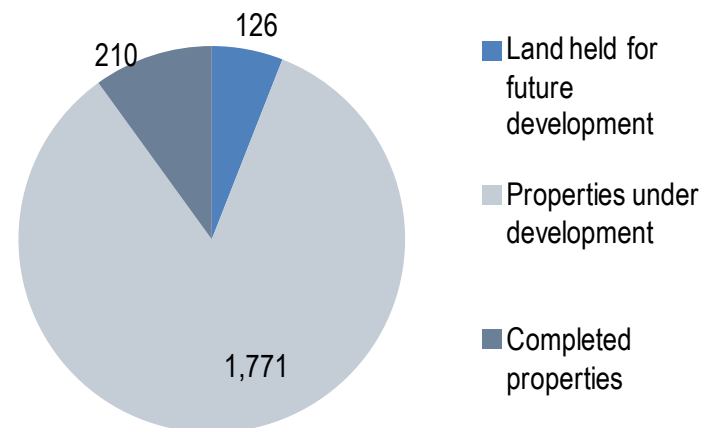
In US\$ mn	Sep'15	Dec'14	Change
ASSETS			
Property and equipment	17.5	16.3	1.2
Development properties	2,106.5	2,327.5	(221.0)
Other financial assets	205.1	232.0	(26.9)
Trade and other receivables	973.6	742.6	231.0
Financial investments	40.0	5.0	35.0
Cash and bank balances	2,684.6	1,799.3	885.3
Total Assets	6,027.3	5,122.7	904.6

EQUITY AND LIABILITIES			
Equity			
Share capital	983.0	650.0	333.0
Statutory reserve	41.3	41.3	0.0
Group restructuring reserve	(566.7)	(566.7)	0.0
Retained earnings	1,988.4	1,309.0	679.4
Total Shareholders' Equity	2,446.0	1,433.6	1,012.4

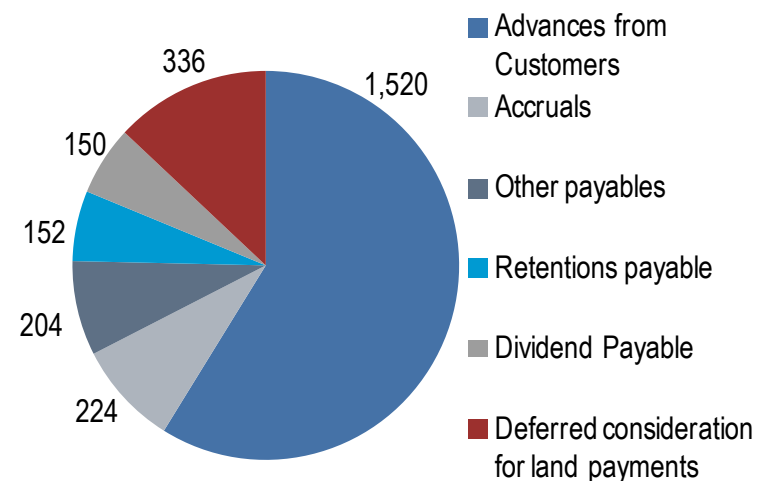
Liabilities			
Bank borrowings	240.9	75.3	165.6
Sukuk Certificates	745.2	644.3	100.9
Due to a related party	0.0	11.0	(11.0)
Provision for employees' end of service indemnity	9.5	7.9	1.6
Trade and other payables	2,585.7	2,950.6	(364.9)
Total Liabilities	3,581.3	3,689.1	(107.8)

Total Shareholders' Equity & Liabilities	6,027.3	5,122.7	904.6
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Development Properties - Sep'15 (\$ mn)



Trade and other payables - Sep'15 (\$ mn)



Note: Dividend payable as at 30 Sep 2015 was subsequently paid out in Oct'15

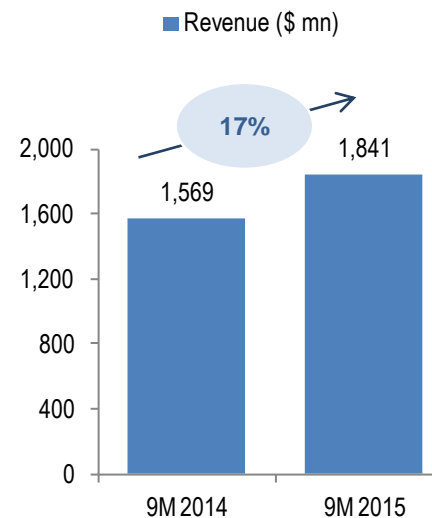
Statement of Comprehensive Income



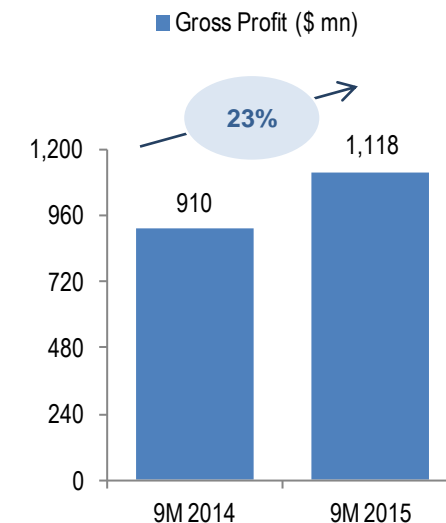
In US\$ mn	9M 2015	9M 2014	Growth
Revenue	1,841.4	1,569.2	17%
Cost of sales	(723.2)	(659.7)	10%
Gross profit	1,118.2	909.5	23%
<i>Gross profit margin</i>	<i>60.7%</i>	<i>58.0%</i>	
Other operating income	104.7	39.0	168%
General, administrative and selling expenses	(183.9)	(215.3)	-15%
Brokerage commissions	(32.0)	(42.4)	-25%
Depreciation	(2.8)	(2.7)	4%
Operating profit	1,004.2	688.1	46%
<i>Operating profit margin</i>	<i>54.5%</i>	<i>43.9%</i>	
Other Income	7.5	6.5	15%
Finance Income	17.7	9.7	82%
Finance Costs	(29.9)	(17.1)	75%
Profit/(Loss) for the period	999.5	687.2	45%
Items that may be reclassified subsequently to profit or loss	0.0	0.5	NA
Total Comprehensive Income	999.5	687.7	45%
<i>Net income margin</i>	<i>54.3%</i>	<i>43.8%</i>	

- DAMAC has decided to early adopt **IFRS15** Revenue from contracts with customer w.e.f. 1 Jan 2015.

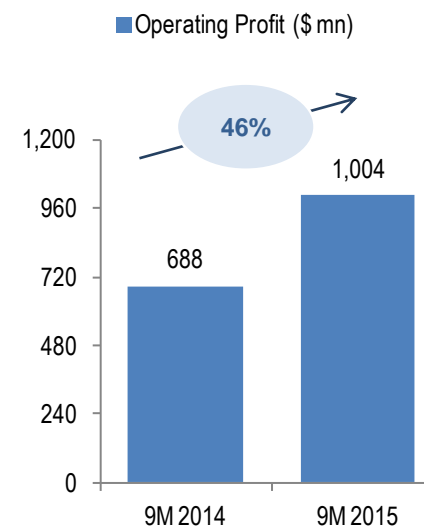
Revenue



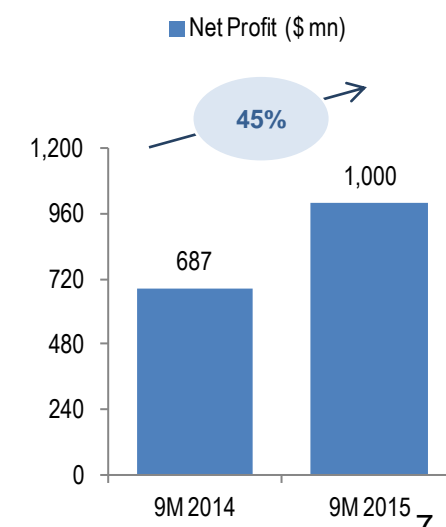
Gross Profit



Operating Profit



Net Profit

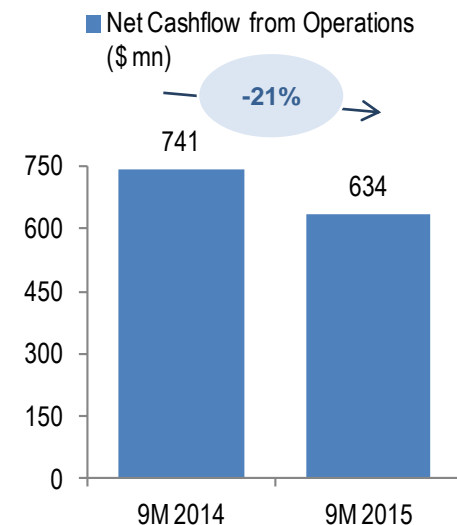


Statement of Cash Flows

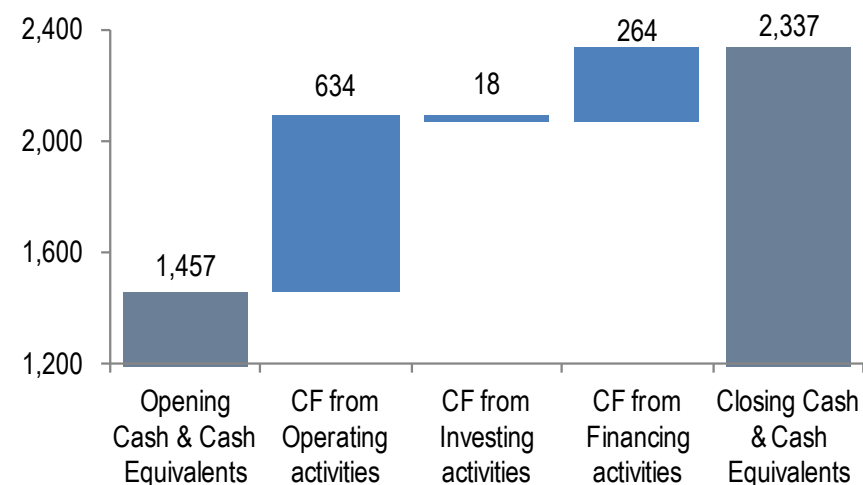


In US\$ mn	9M 2015	9M 2014	Change
Cash flows from operating activities			
Profit for the period	999.5	687.2	312.3
Adjustments for:			
Depreciation on property and equipment	2.8	2.7	0.1
Provision for employees' end-of-service indemnity	2.4	2.4	0.0
Amortisation of issue costs on Sukuk Certificates	2.4	0.3	2.1
Loss on retirement of property and equipment	0.2	0.7	(0.5)
Loss on disposal of financial investments	0.0	0.3	(0.3)
Finance costs	29.9	17.1	12.8
Finance income	(17.7)	(9.7)	(8.0)
(Reversal of)/Provision for impairment for trade receivables	2.6	42.5	(39.9)
Operating cash flows before changes in working capital	1,022.1	743.5	278.6
Incr in trade and other receivables	(229.2)	(349.9)	120.7
Decr/(Incr) in development properties	58.5	(372.7)	431.2
(Decr)/Incr in trade and other payables	(202.6)	683.8	(886.4)
(Decr)/Incr in due to a related party	(11.0)	38.7	(49.7)
Net cash generated from operations	637.8	743.4	(105.6)
Finance costs paid	(20.9)	(11.3)	(9.6)
Interest received	17.4	9.4	8.0
Employees' end of service indemnity paid	(0.8)	(0.3)	(0.5)
Net cash generated from operating activities	633.5	741.2	(107.7)
Net cash (used in) / generated from investing activities	(17.8)	(384.7)	366.9
Net cash generated from financing activities	264.1	403.4	(139.3)
Net Increase in Cash & Cash Equivalents	879.8	759.9	
Opening Cash & Cash Equivalents	1,456.7	545.7	
Closing Cash & Cash Equivalents	2,336.5	1,305.6	

Net Cash flow from operating activities



Movement in cash and cash equivalents during 9M 2015



Early adoption of IFRS 15



DAMAC Group has reviewed the impact of IFRS 15 on its revenue from operations and has elected to early adopt it with effect from 1st January 2015. Current year financials are based on new reporting standards.

The policy is concerned with how revenue and the associated cost is recognized for under-construction properties. The new policy does not impact revenues recognized on completed projects or land plot sales.

The Group has opted for modified retrospective application of the standard as permitted by IFRS 15 upon early adoption. Previous year's financials have not been restated and early adoption is in form of an adjustment to the opening balance (as at 1 January 2015) of retained earnings.

Status of key in progress projects contributing to revenue from constructed apartment during 9M 2015

	Schedule Year of Completion	Total Area ('000 sq ft)	% Recognized
IN PROGRESS DEVELOPMENTS			
Upper Crest	2016	399	40-60%
The Distinction	2016	395	60-80%
Damac Towers by Paramount	2016	2,006	20-40%
Tenora	2015	211	20-40%
Damac Heights	2016	897	20-40%
Bay's Edge	2016	244	40-60%
AKOYA by DAMAC Apartments - Avg	2015-2018	950	40-60%

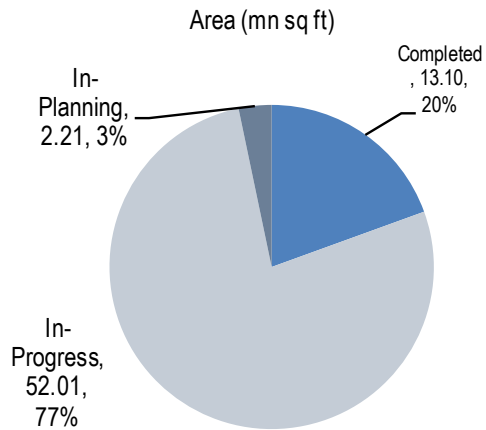
Note: 1. % Recognized is a factor of area sold and % completion in any particular project.

2. For AKOYA, above data pertains only for the apartment buildings which meets threshold criteria and are eligible for revenue recognition.

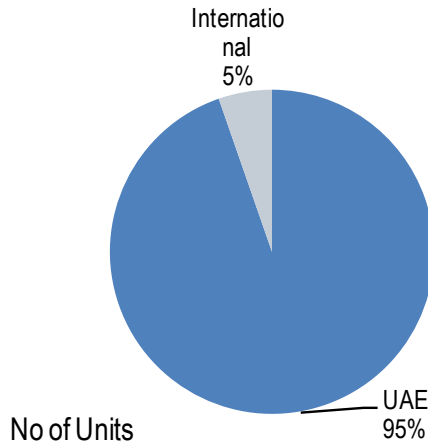
Portfolio Overview (as at 30 Sep 2015)



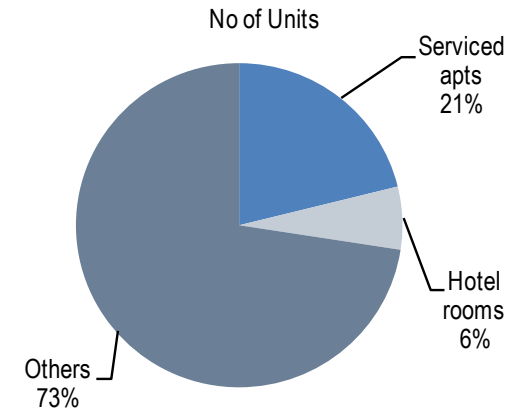
Portfolio by development status



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



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



UAE

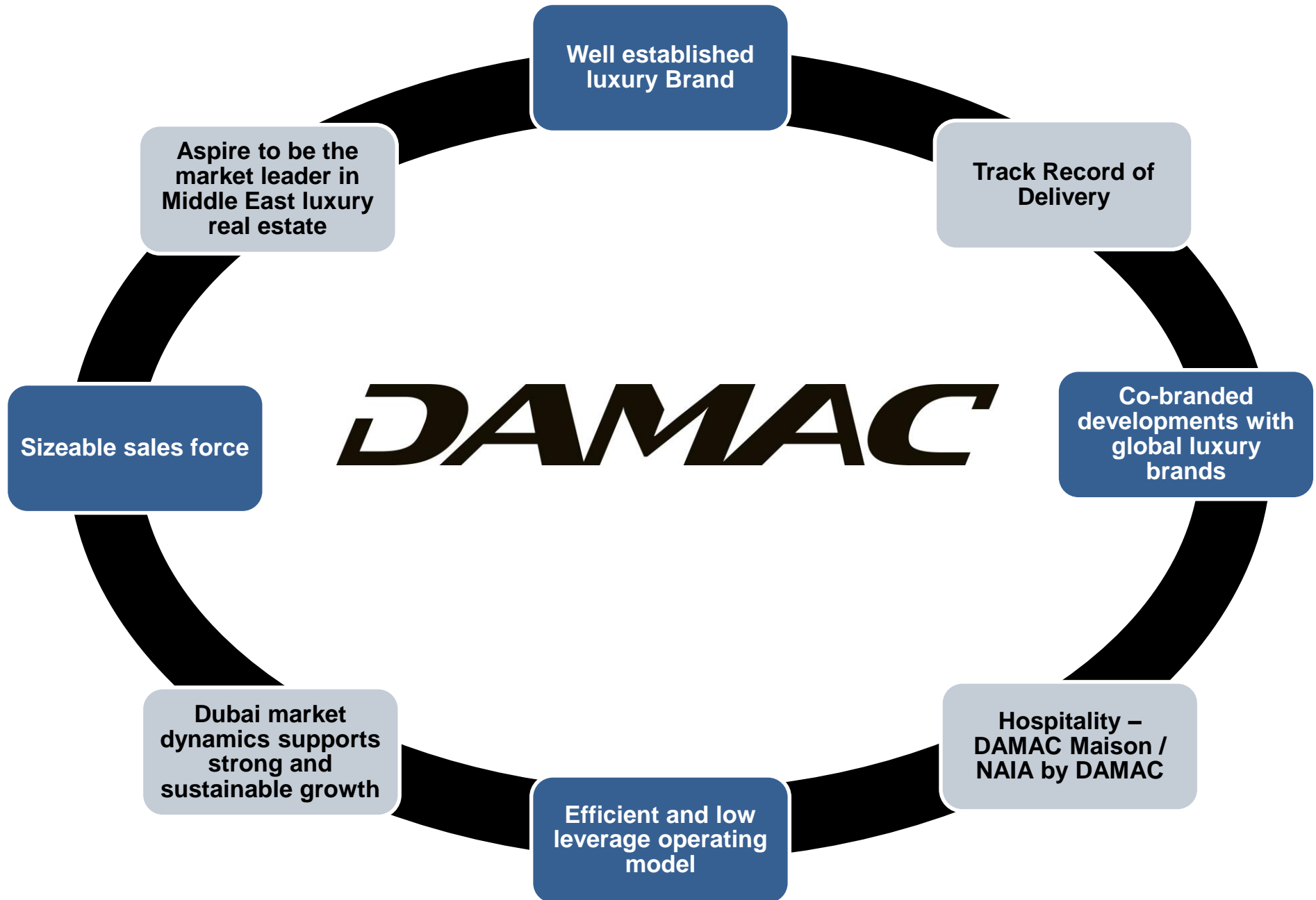


No of projects	31
Units	35K
Sellable area (k sq ft)	51,412
Completion date	2015/19

International



No of projects	8
Units	2K
Sellable area (k sq ft)	2,802
Completion date	2016/19



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Thank you