

# ***DAMAC***

LIVE THE LUXURY

## **Results Presentation**

**Year ended 31 December 2015**



# Disclaimer

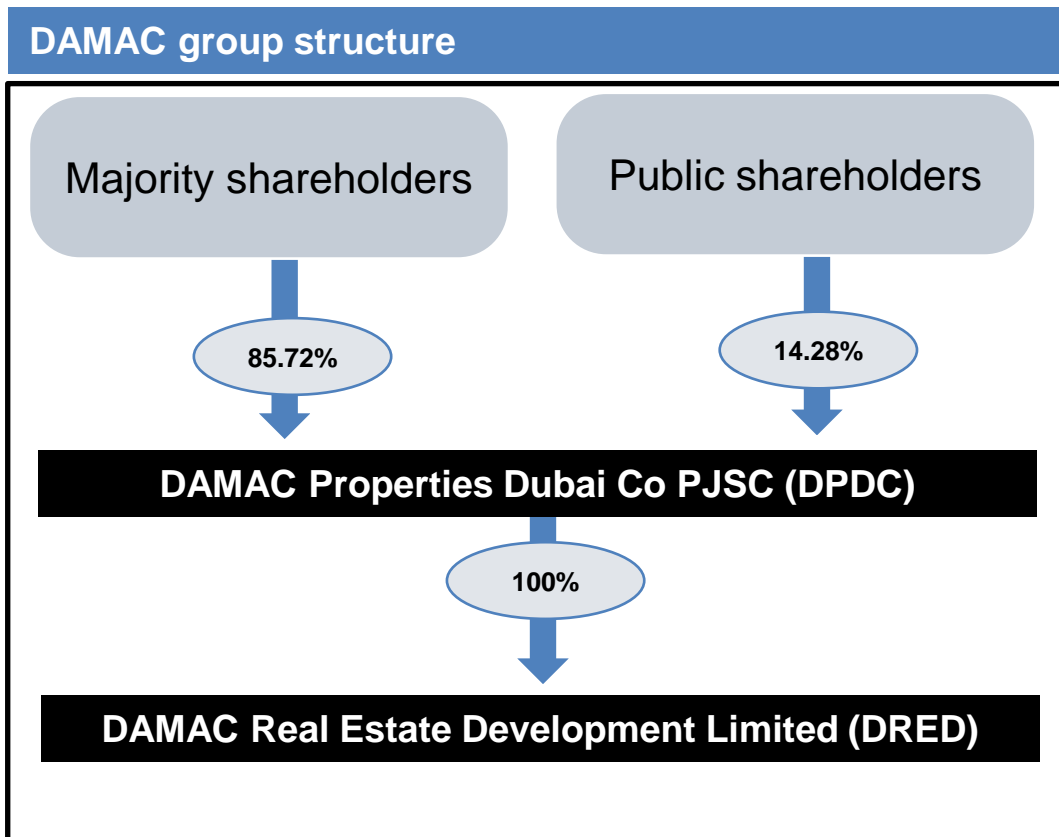


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# Group Structure



**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

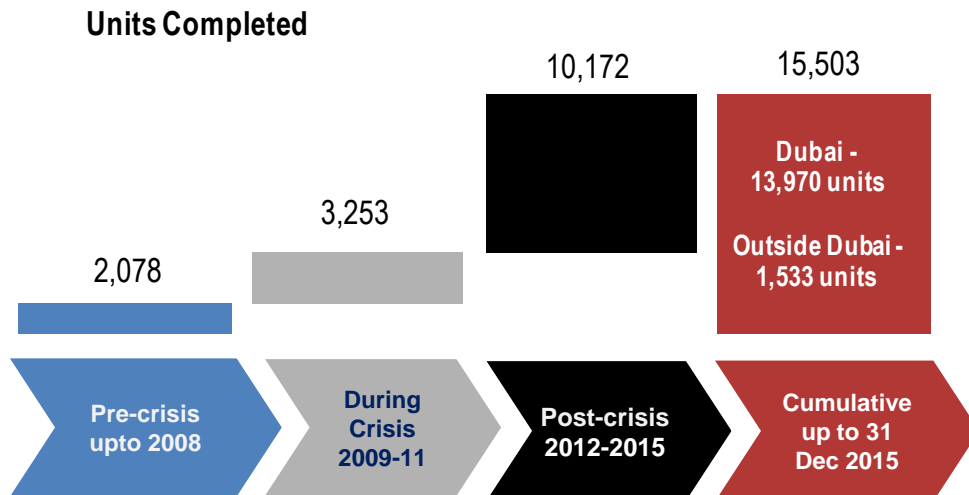
<b>62+</b> mn sq ft development pipeline	<b>7</b> countries with projects in-progress and in-planning	<b>10,000+</b> Hospitality units (incl. completed units and project pipeline)
<b>2,200+</b> employees	<b>700+</b> sales staff	<b>c.500</b> Project execution and execution support team
<b>\$2.5bn</b> Booked Sales in 2015	<b>\$2.3bn</b> Revenue in 2015	<b>\$1.23bn</b> Net Profit in 2015
<b>2014 - \$3.1bn</b>	<b>2014 - \$2.0bn</b>	<b>2014 - \$0.94bn</b>

## Portfolio Overview

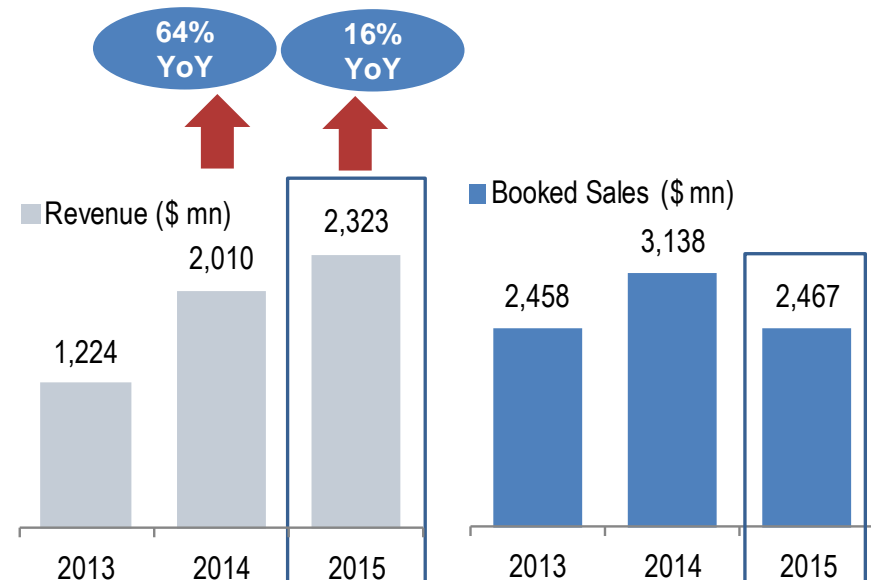
	Completed <sup>(1)</sup> projects	In-progress <sup>(2)</sup> and In-planning <sup>(3)</sup> projects
<b>Total:</b>	<b>15,500+ units</b>	<b>Over 40,000 units</b>
<b>In Dubai:</b>	<b>90%</b>	<b>c.94%</b>

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 2013, 31 Dec 2014 and 31 Dec 2015 respectively

# 2015 Performance Highlights



<b>Revenue +16%</b>	<b>Gross profit +17%</b>	<b>Operating profit +32%</b>
<b>\$2,322.7m</b> (2014: \$2,009.6m)	<b>\$1,378.8m</b> (2014: \$1,176.1m)	<b>\$1,236.8m</b> (2014: \$939.3m)
<b>Net profit +31%</b>	<b>Net cash flow from operating activities</b>	<b>Total assets +25%</b>
<b>\$1,228.9m</b> (2014: \$937.0m)	<b>\$655.9m</b> (2014: \$882.4m)	<b>\$6,380.3m</b> (Dec'14: \$5,122.7m)
<b>Equity +87%</b>	<b>Cash and Bank +44%</b>	<b>Gross Debt +42%</b>
<b>\$2,675.4m</b> (Dec'14: \$1,433.6m)	<b>\$2,585.3m</b> (Dec'14: \$1,799.3m)	<b>\$1,024.4m</b> (Dec'14: \$719.6m)
<b>Debt to Total Assets</b>	<b>Gross Margins +0.9% pt</b>	<b>Cash &amp; Dvplmt Prop as % of Total Assets</b>
<b>16.1%</b> (Dec'14: 14.0%)	<b>59.4%</b> (2014: 58.5%)	<b>79.5%</b> (Dec'14: 80.6%)

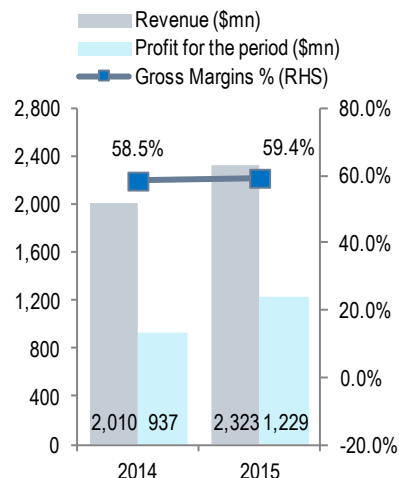
# Performance Review



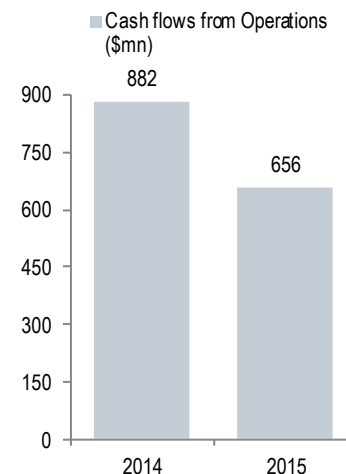
## 2015 highlights

- **Revenues** grew 16% to \$2,323mn in 2015 (2014: \$2,010mn). DAMAC has decided to early adopt IFRS15 w.e.f. 1 Jan 2015.
- **Gross margins** at 59.4% in 2015. Marginally higher vs. 2014 levels.
- **Net profit** grew 31% to \$1.2bn in 2015. DAMAC enters billion-dollar profit club.
- **Net Cash generated from operating activities** at \$656mn. Cash collection from customers remains strong at c.\$2bn in 2015.
- **Total Assets** up 25% to \$6.4bn, mainly led by increase in '**Cash & Bank balance**' backed by strong cash collections.
- **Development properties and cash** comprise 79.5% of total assets. **Advances from customers** stood at \$1,506mn as at Dec'15.
- **Gross Debt** stood at \$1,024mn as at 31 Dec 2015. **Cash and bank** balance stands at \$2,585mn as at 31 Dec 2015.
- **Booked Sales** of \$2.5bn for 2015; **Area sold** in 2015 at 8.12 mn sq ft is 3% higher than last year
- **Total deliveries** of over 2,600 units in 2015

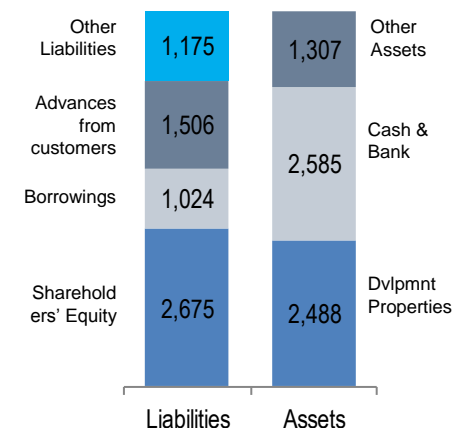
## Revenue and Profitability



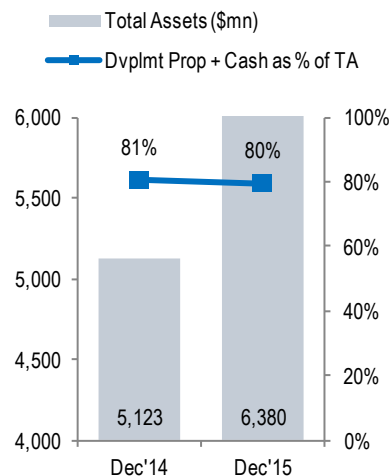
## Cashflow from Operations



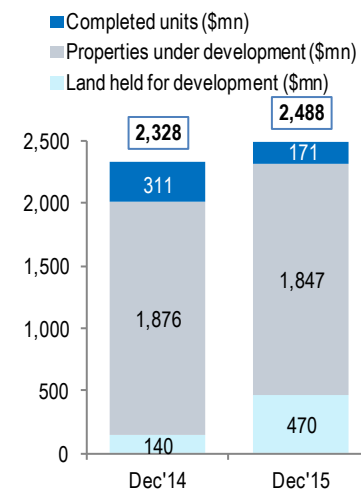
## Capital Structure



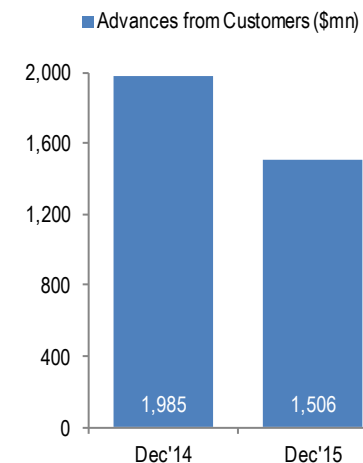
## Total Assets



## Development Properties



## Advances from Customers



# Statement of Financial Position



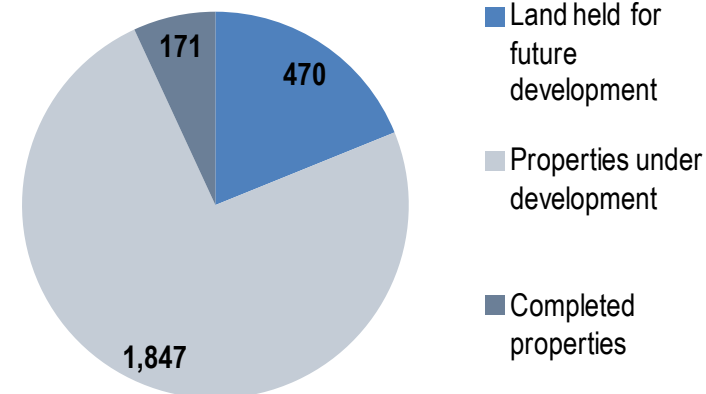
In US\$ mn	Dec'15	Dec'14	Change
<b>ASSETS</b>			
Property and equipment	17.4	16.3	1.1
Development properties	2,488.1	2,327.5	160.6
Other financial assets	214.6	232.0	(17.4)
Trade and other receivables	1,034.9	742.6	292.3
Financial investments	40.0	5.0	35.0
Cash and bank balances	2,585.3	1,799.3	786.0
<b>Total Assets</b>	<b>6,380.3</b>	<b>5,122.7</b>	<b>1,257.6</b>

<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	2,217.8	1,309.0	908.8
<b>Total Equity</b>	<b>2,675.4</b>	<b>1,433.6</b>	<b>1,241.8</b>

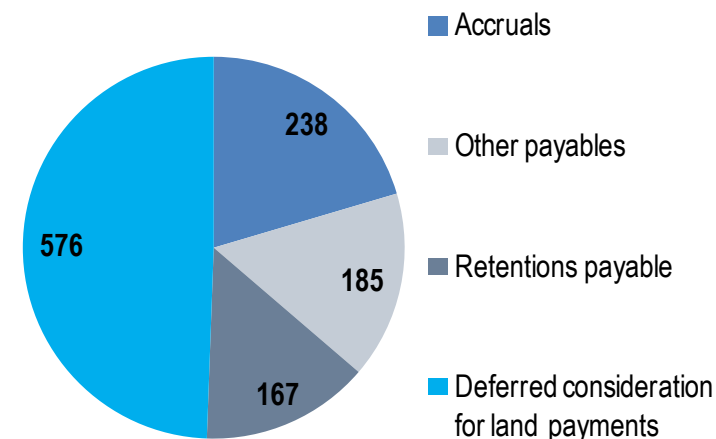
<b>Liabilities</b>			
Bank borrowings	278.9	75.3	203.6
Sukuk certificates	745.5	644.3	101.2
Due to a related party	0.0	11.0	(11.0)
Provision for employees' end of service indemnity	9.1	7.9	1.2
Advances from customers	1,505.6	1,985.1	(479.5)
Trade and other payables	1,165.8	965.5	200.3
<b>Total Liabilities</b>	<b>3,704.9</b>	<b>3,689.1</b>	<b>15.8</b>

<b>Total Equity &amp; Liabilities</b>	<b>6,380.3</b>	<b>5,122.7</b>	<b>1,257.6</b>
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## Development Properties - Dec'15 (\$ mn)



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

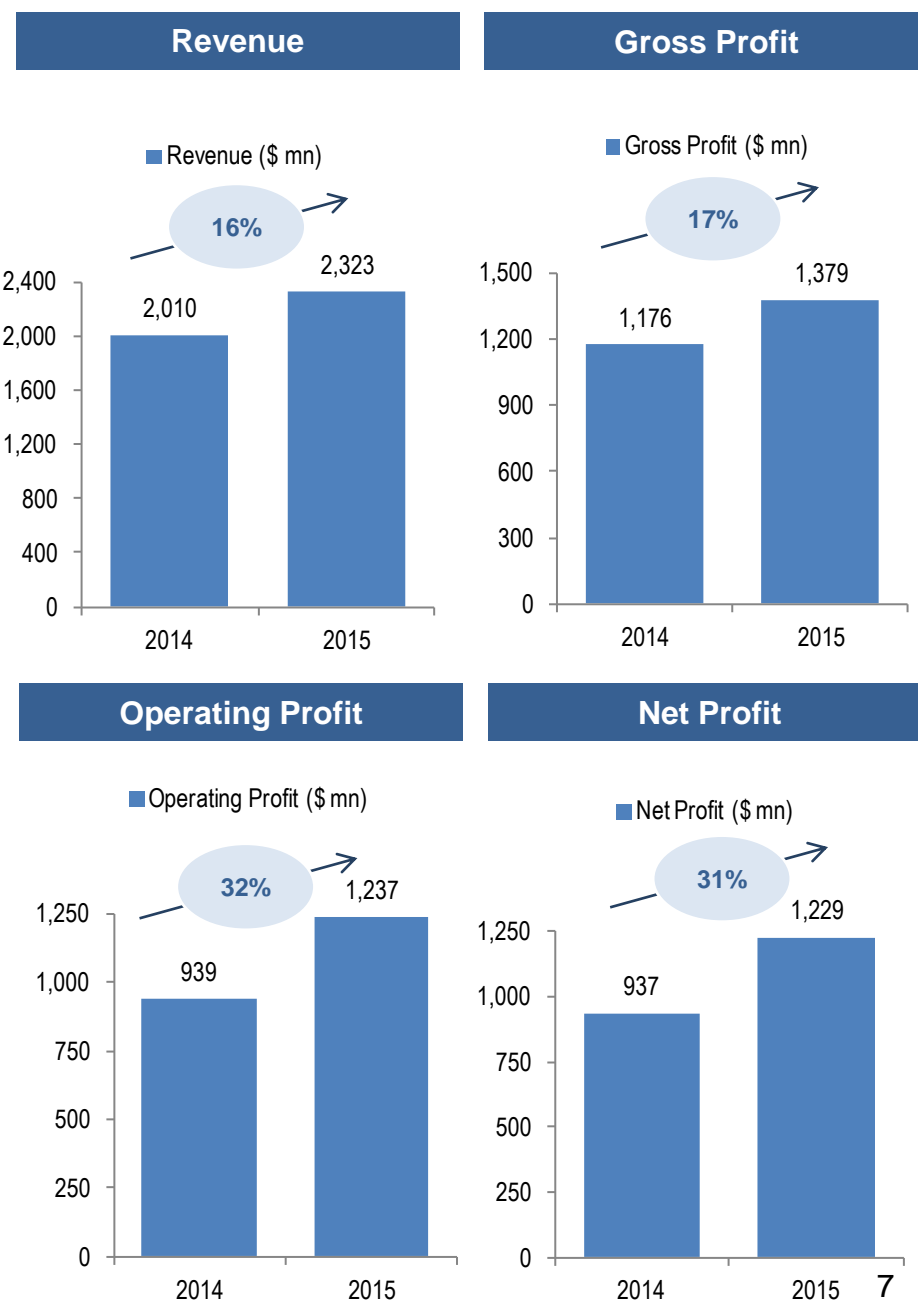


# Statement of Comprehensive Income



In US\$ mn	2015	2014	Growth
<b>Revenue</b>	<b>2,322.7</b>	<b>2,009.6</b>	<b>16%</b>
Cost of sales	(943.9)	(833.5)	13%
<b>Gross profit</b>	<b>1,378.8</b>	<b>1,176.1</b>	<b>17%</b>
<i>Gross profit margin</i>	<i>59.4%</i>	<i>58.5%</i>	
Other operating income	137.1	47.8	187%
General, administrative and selling expenses	(237.4)	(256.0)	-7%
Brokerage commissions	(38.3)	(67.1)	-43%
Depreciation	(3.4)	(3.8)	-11%
Reversal of impairment on development properties	0.0	42.3	-100%
<b>Operating profit</b>	<b>1,236.8</b>	<b>939.3</b>	<b>32%</b>
<i>Operating profit margin</i>	<i>53.2%</i>	<i>46.7%</i>	
Other Income	9.1	9.8	-7%
Finance Income	24.5	15.1	62%
Finance Costs	(41.5)	(27.2)	53%
<b>Profit for the year</b>	<b>1,228.9</b>	<b>937.0</b>	<b>31%</b>
Items that may be reclassified subsequently to profit or loss	0.0	(0.5)	NA
<b>Total Comprehensive Income</b>	<b>1,228.9</b>	<b>936.5</b>	<b>31%</b>
<i>Net income margin</i>	<i>52.9%</i>	<i>46.6%</i>	

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



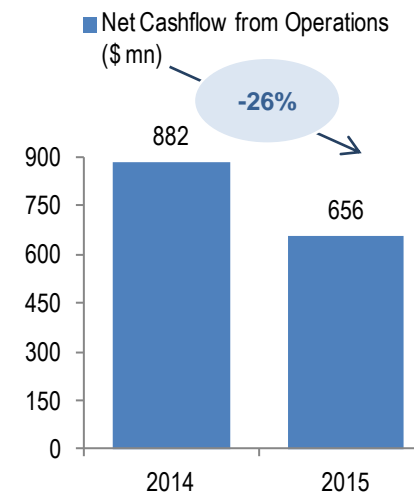


# Statement of Cash Flows

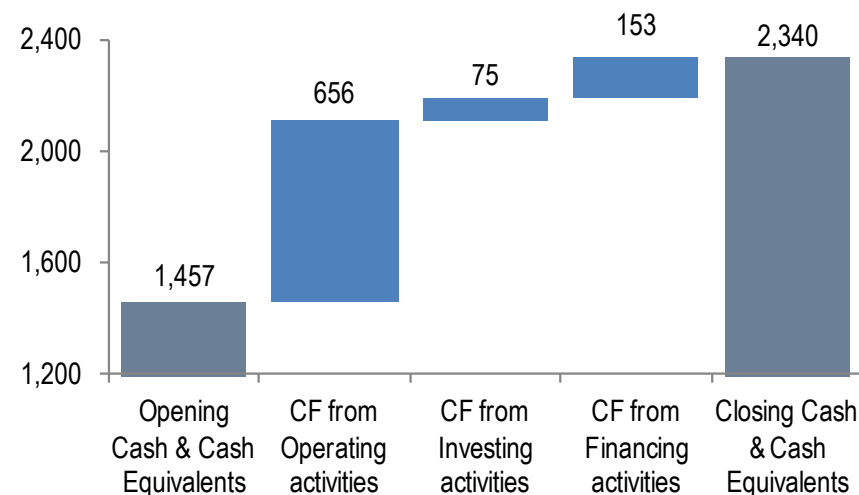


In US\$ mn	2015	2014	Change
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>1,228.9</b>	<b>937.0</b>	<b>291.9</b>
<b>Adjustments for:</b>			
Depreciation on property and equipment	3.4	3.8	(0.4)
Provision for employees' end-of-service indemnity	2.9	3.3	(0.4)
Amortisation of issue costs on Sukuk Certificates	2.7	0.6	2.1
Loss on retirement of property and equipment	0.2	0.7	(0.5)
Loss on disposal of financial investments	0.0	(0.2)	0.2
Finance costs	41.5	27.2	14.3
Finance income	(24.5)	(15.1)	(9.4)
(Reversal of)/Provision for impairment on development properties	0.0	(42.3)	42.3
(Reversal of)/Provision for impairment for trade receivables	(1.2)	25.5	(26.7)
<b>Operating cash flows before changes in working capital</b>	<b>1,253.9</b>	<b>940.5</b>	<b>313.4</b>
Incr in trade and other receivables	(281.4)	(358.8)	77.4
(Decr)/Incr in due to a related party	(11.0)	9.8	(20.8)
Incr in trade and other payables	198.9	382.3	(183.4)
Incr in development properties	(323.1)	(356.5)	33.4
(Decr)/Incr in advances from customers	(158.5)	269.8	(428.3)
<b>Net cash generated from operations</b>	<b>678.8</b>	<b>887.1</b>	<b>(208.3)</b>
Finance costs paid	(40.1)	(19.7)	(20.4)
Interest received	18.9	15.3	3.6
Employees' end of service indemnity paid	(1.7)	(0.3)	(1.4)
<b>Net cash generated from operating activities</b>	<b>655.9</b>	<b>882.4</b>	<b>(226.5)</b>
<b>Net cash (used in) / generated from investing activities</b>	<b>74.6</b>	<b>(443.1)</b>	<b>517.7</b>
<b>Net cash generated from financing activities</b>	<b>152.4</b>	<b>471.7</b>	<b>(319.3)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>882.9</b>	<b>911.0</b>	
Opening Cash & Cash Equivalents	1,456.7	545.7	
<b>Closing Cash &amp; Cash Equivalents</b>	<b>2,339.6</b>	<b>1,456.7</b>	

## Net Cash flow from operating activities



## Movement in cash and cash equivalents during 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 as at 31 Dec 2015

	Schedule Year of Completion	Total Area ('000 sq ft)	% Recognized
<b>IN PROGRESS DEVELOPMENTS</b>			
THE DISTINCTION	2016	395	60-80%
DAMAC TOWERS BY PARAMOUNT	2017	2,007	20-40%
CELESTIA	2017	645	<20%
DAMAC HEIGHTS	2017	896	20-40%
BAY'S EDGE	2016	244	60-80%
AKOYA by DAMAC Apartments - Avg	2016-2019	949	20-40%

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

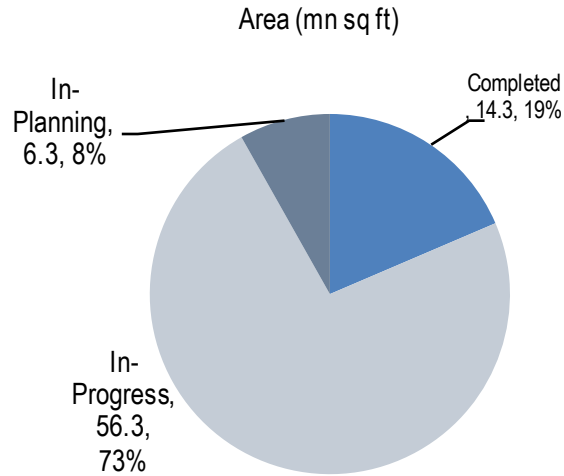
2. For AKOYA, above data pertains only for the apartment buildings which meets threshold criteria and are eligible for revenue recognition.

3. Projects Completed during 2015 does not form part of above table

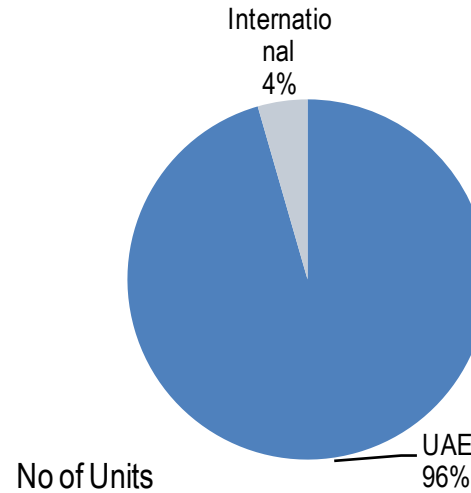
# Portfolio Overview (as at 31 Dec 2015)



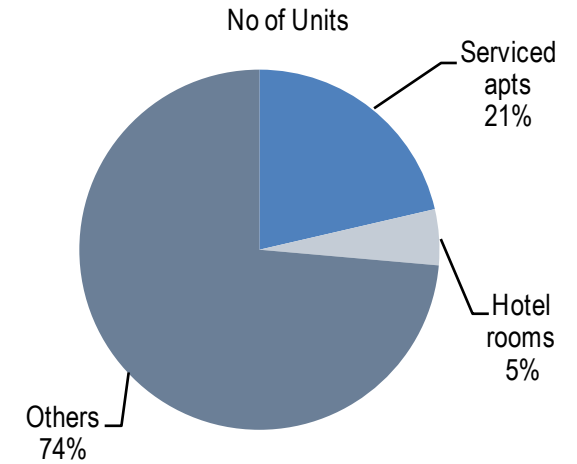
## Portfolio by development status



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



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



### UAE

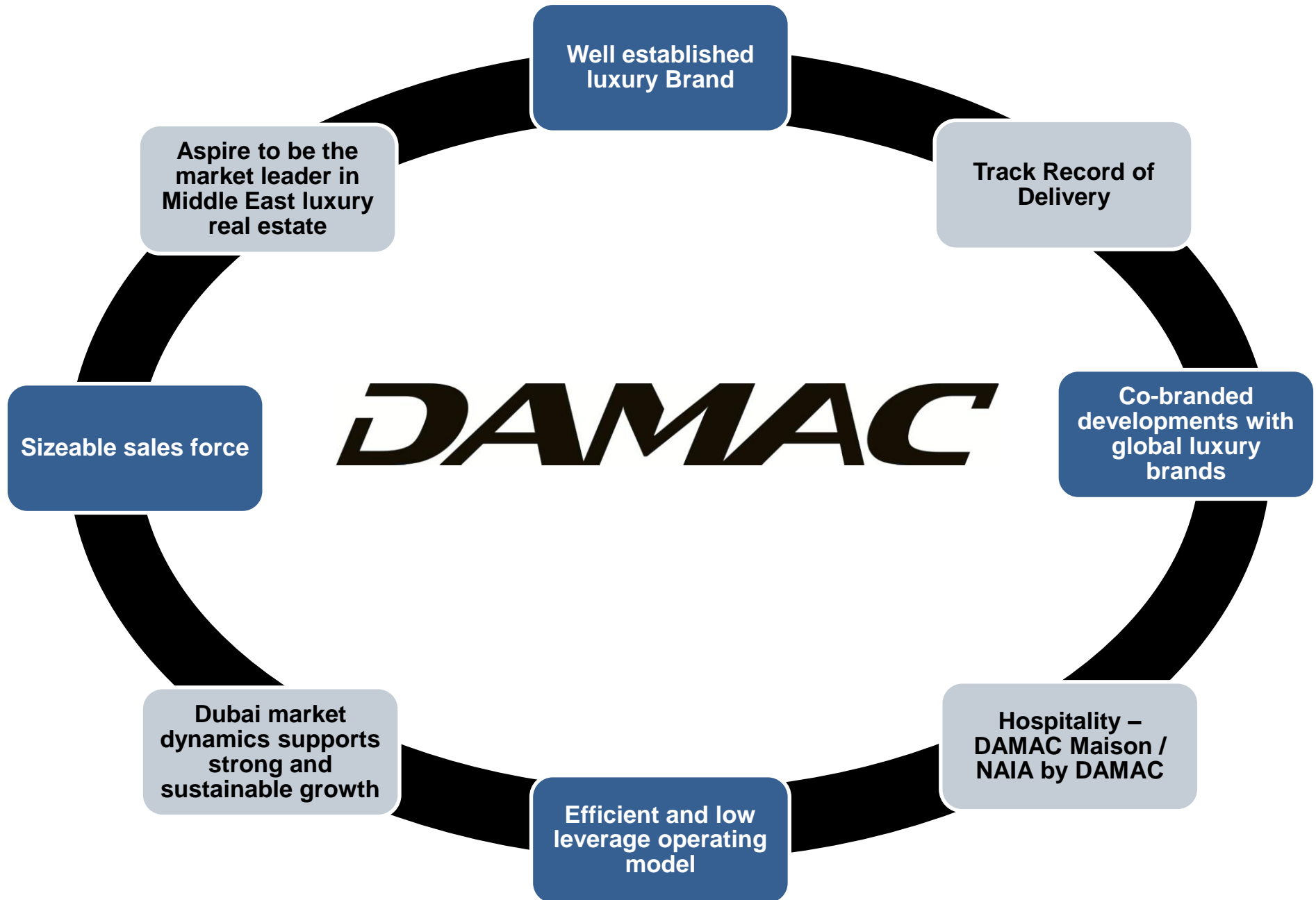


No of projects	33
Units	42K+
Sellable area (mn sq ft)	59.8
Completion date	2016/20

### International



No of projects	8
Units	2K
Sellable area (mn sq ft)	2.8
Completion date	2016/19



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**Thank you**