

الواحة كابيتال  
WAHA CAPITAL

# Q3 2018 Earnings Presentation

November 2018



# YTD Sep 2018 Highlights

- YTD Sep 2018 net profit of AED 295.1 million compared to AED 267.8 million in YTD Sep 2017
- YTD Return on Average Equity of 8.7% compared to 7.5% in the corresponding period of 2017
- Total investments of AED 110.3 million into Asset management funds and AED 322.8 million into Petronash
- Net cash proceeds of AED 635.7 million (Aercap and NPS Holdings Limited) and dividend from AAH AED 91.7 million
- Balance sheet of AED 12.4 billion in total assets, an increase of 9% over total assets of AED 11.4 billion as at Dec 31, 2017





YTD Sep 2018

Financial Highlights

# YTD Sep 2018 Financial Highlights

- Net profit of AED 295.1 million, compared to AED 267.8 million in YTD Sep 2017
- EPS of AED 0.16 compared to AED 0.15 in YTD Sep 2017
- Assets of AED 12.4 billion as at 30 September 2018 vs. AED 11.4 billion as at 31 December 2017, an increase of 9%
- YTD RoAE of 8.7% vs 7.5% in YTD Sep 2017
- The Group's leverage was 28.9% as at 30 September 2018 compared to 25.9% as at 31 December 2017
- Investment activity in YTD Sep 2018 include:
  - AAH: Dividend of AED 91.7 million
  - Aercap: Net proceeds on sale of 6.68 million shares AED 390.2 million
  - NPS/ NESR\*: Net sale proceeds of AED 245.5 million
  - Petronash: Acquired 35% stake along with co-investors for an upfront consideration of AED 322.8m
  - Asset management: Investment of AED 110.3 million (CEEMEA Credit Fund AED 44.1 million and MENA Equity fund AED 66.2 million)
- Assets under management:
  - Assets under management as at 30 September 2018 AED 2.6 billion, compared to AED 2.1 billion as at 31 December 2017
  - Net Third party funds raised AED 188.6m

NET PROFIT

AED **295m**

▲ 10% vs. YTD Sep 2017

TOTAL ASSETS

AED **12.4bn**

▲ 9% from Dec 2017

TOTAL AUMS

AED **2.6bn**

▲ 24% from Dec 2017

\*Includes acquisition of 5.8% stake in NESR

# Q3 2018 Financial Highlights



AED MILLIONS	Q3 2018	Q3 2017
Total Income	199	266
Expenses - Parent	(61)	(65)
Expenses - Subsidiaries	(104)	(104)
Non Controlling interest	21	(12)
<b>Net Profit attributable to shareholders</b>	<b>55</b>	<b>85</b>
<b>Equity attributable to shareholders</b>	<b>3,388</b>	<b>3,262</b>

KEY PERFORMANCE INDICATORS	Q3 2018	Q3 2017
Earnings per Share (in AED)	0.03	0.05
3-month RoAE	1.7%	2.6%

# YTD Sep 2018 Financial Highlights

TOTAL INCOME  
**IN LINE**  
Vs. YTD Sep 2017

TOTAL EXPENSE  
**▼ 7%**  
Vs. YTD Sep 2017

NET PROFIT  
**▲ 10%**  
Vs. YTD Sep 2017

AED MILLIONS	YTD SEP 2018	YTD SEP 2017
Total Income	812	807
Expenses - Parent	(178)	(190)
Expenses - Subsidiaries	(301)	(325)
Non Controlling interest	(38)	(25)
<b>Net Profit attributable to shareholders</b>	<b>295</b>	<b>268</b>
<b>Equity attributable to shareholders</b>	<b>3,388</b>	<b>3,262</b>

KEY PERFORMANCE INDICATORS		
Earnings per Share (in AED)	0.16	0.15
9-month RoAE	8.7%	7.5%

# YTD Sep 2018 Financial Highlights



AED MILLIONS	30 SEP 2018	31 DEC 2017
Cash	871	520
Investments in equity-accounted investees & Assets held for sale	4,618	5,540
Investment Property	773	759
Other Investments(2)	5,254	3,818
Other Assets	835	717
<b>Total Assets</b>	<b>12,349</b>	<b>11,354</b>
<b>Borrowings</b>	<b>6,918</b>	<b>6,584</b>
<b>Other Liabilities</b>	<b>1,048</b>	<b>600</b>
<b>Equity</b>	<b>4,383</b>	<b>4,170</b>
<i>RoAA (Annualized)</i>	<i>3.3%</i>	<i>4.0%</i>

1. Based on share price as at 5 Nov 2018

2. Includes Financial investments, Loan investments and Finance leases



YTD Sep 2018

## BUSINESS HIGHLIGHTS

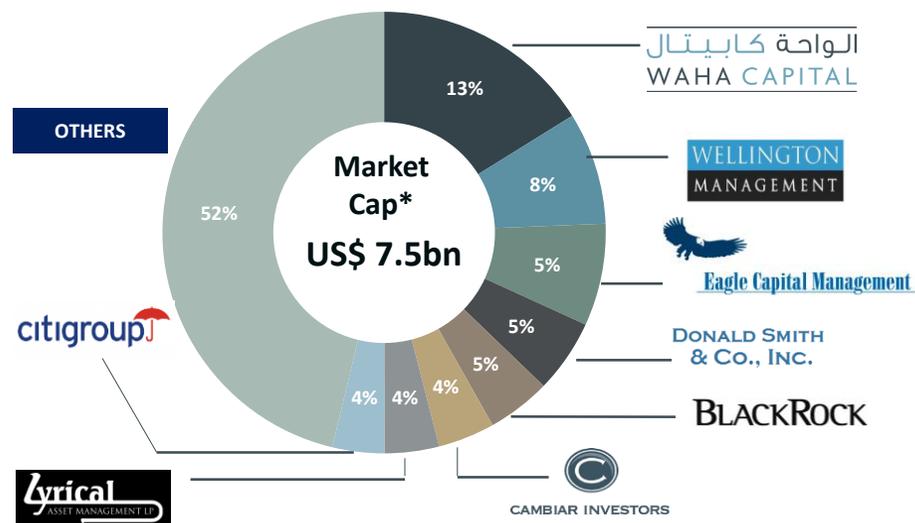
# YTD Sep 2018 Business Highlights

## Private Investments - AerCap

### OVERVIEW

- Waha disposed of 6.68 million shares during the period, reducing ownership from 17.55% to 13.72%
- Waha is the largest beneficial shareholder in AerCap, retaining 2 board seats and representation on various Board Sub-Committees
- For the period ended 30 September 2018, AerCap has contributed 46.5% of the Group's total income and its carrying value of AED 3,988.3 million represents 32.3% of the Group's total assets

### SHAREHOLDERS



### YTD SEP 2018 KEY HIGHLIGHTS

- Net income of \$783.0 million, compared with \$809.9 million for the same period in 2017.
- Diluted earnings per share of \$5.21, compared with \$4.77 for the same period in 2017.
- 99.4% fleet utilization rate for YTD Sep 2018.
- \$ 11.0 billion of available liquidity
- Adjusted debt/equity ratio of 2.7 to 1
- Book value per share of \$ 61.24 an increase of 11% compared to YTD Sep 2017.
- Repurchased 9.3 million shares in YTD 2018 for \$ 492 million
- New \$ 200 million share repurchase program authorized, which will run through March 2019
- 291 aircraft transactions executed, as follows:
  - Signed lease agreements for 185 aircraft
  - Purchased 39 aircraft
  - Executed sale transactions for 67 aircraft.
- Portfolio consisted of 1,471 aircraft that were owned, on order or managed

USD mn	YTD SEP 2018	YTD SEP 2017	VARIANCE
Total Revenue	3,580	3,774	-5%
Total Expenses	2,689	2,857	-6%
Net Profit	784	810	-3%
Assets	42,150	42,040	0%
Debt	28,387	28,421	0%
Equity	8,924	8,639	3%
RoE (annualized)	12%	13%	
RoA (annualized)	3%	3%	

# YTD Sep 2018 Business Highlights

## Private Investments – National Energy Services Reunited

TOTAL ACQUISITION VALUE

USD 880mn

NPS: \$591 mn / GES: \$289 mn

TOTAL COMBINED REVENUE

▲ 14%

Vs. H1 2016

TOTAL COMBINED NET INCOME

USD 2.8mn

H1 2018

### OVERVIEW

- Waha acquired a 5.8% stake in a NASDAQ-listed entity - NESR - as part of exit consideration of NPS Holdings Limited.
- NESR is the first and only NASDAQ listed national oilfield services company in the MENA region and one of the largest oilfield services provider in the Middle East, North Africa and Asia region.
- On June 6th 2018, NESR consummated the 100% acquisition of: a) NPS Holdings Limited for a gross consideration of c. \$591 million and b) Gulf Energy S.A.O.C. for a gross consideration of c. \$289 million – aggregating total consideration of c. \$880 million.
- NESR operates in 14 countries, with 19 services lines through 3,200+ employees for 25+ clients
- Customer profile includes Saudi Aramco, Qatar Petroleum, ADCO, ADMA, Sonatrach, Kuwait Oil Company and other National and International Oil Companies
- Market Capitalization of c. US\$ 901 million as of 11th November 2018
- The Group's carrying value of NESR was AED 211.1 million as at 30 Sep 2018.

### KEY HIGHLIGHTS

- Revenue growth was strong for NESR and, in particular, NPS grew revenues approximately 38% year over year when comparing the first half of 2018 to the same prior year period. On a combined basis, NESR grew revenues by 12% between Q1 and Q2 of 2018 and 14% when comparing the first half of 2018 to prior year.
- Awarded new contracts worth US\$360 million (or AED 1,324.1 million) in the second quarter of 2018
- Reported net income of US\$2.8 million (or AED 10.3 million) and adjusted EBITDA of US\$66 million (or AED 242.7 million) for the combined entities
- Integration activities are on track and are anticipated to yield incremental synergies across all subsidiaries in the second half of 2018 and into 2019.

### NPS HOLDING LIMITED

- Regional provider of products and services to the oil and gas industry in the Middle East, North Africa and Asia Pacific regions.
- Operates in twelve countries with the majority of its revenues derived from operations in KSA, Algeria, Qatar, UAE and Iraq.
- NPS provides an integrated service offering that includes: a) Well Services and Intervention, b) Drilling and Workover, and c) Wireline Logging and Testing
- Effectively delivers broad range of services by deploying one of the largest fleet of oilfield equipment, including cementing units, coiled tubing units, stimulation units, nitrogen units and oil and water well drilling rigs.

### GULF ENERGY S.A.O.C.

- Leading provider of high quality integrated oilfield service solutions in the MENA region.
- One of the fastest growing oilfield service providers in the MENA region and has developed a footprint in KSA, Oman, Kuwait, and Algeria.
- Provides a broad suite of product and service offerings, operating under several service lines including: a) Well Intervention Services, b) Drilling Technology Solutions, c) Fishing & Remedial Services, and d) Drilling Technology Solutions, Performance Drilling & Evaluation.

# YTD Sep 2018 Business Highlights

## Private Investments – Channel VAS Investments limited (CVAS)



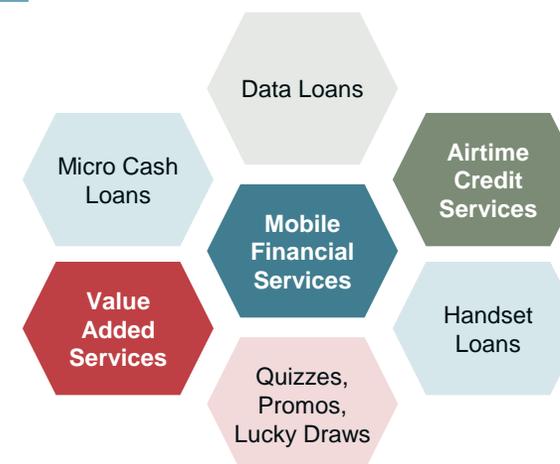
### OVERVIEW

- In September 2017, Waha Capital acquired a 20% stake in Dubai-based fintech firm Channel VAS for a consideration of AED 200.5 million
- CVAS is a premium fintech company providing financial services to the subscribers of mobile operators in over 25 countries
- Funded nano-loans aggregating US\$ 871 million in 2017 compared to US\$ 755 million in 2016
- Access to over 500 million mobile subscribers and contracts with mobile operators across Africa, Asia and the Middle East
- Well positioned to capture high potential growth in US\$ 69 billion airtime credit industry; as well as a much larger untapped market for newer Channel VAS product lines including micro cash loans and hand set loans
- Selected list of customers include MTN, Vodacom, Viettel, Lyca Mobile, Millicom, Umniah, Mobily, Mobilink and others
- The carrying value of Channel VAS was AED 184.4 million as at 30 September 2018

### YTD SEP 2018 KEY HIGHLIGHTS

- Revenue of AED 141.3 million, compared to AED 123.1 million in the corresponding period 2017
- Paid a dividend of AED 71.3 million, compared to AED 43.3 million in the corresponding period 2017

### SERVICES OFFERING



# YTD Sep 2018 Business Highlights

## Private Investments – SDX Energy Inc.



### OVERVIEW

- Engaged in the exploration for and development and production of oil and natural gas, with properties located in the Arab Republic of Egypt and the Kingdom of Morocco.
- Trade on the Toronto Venture Stock Exchange (“TSX-V”) in Canada and on the London Stock Exchange’s Alternative Investment Market (“AIM”) in the UK
- Successfully acquired a portfolio of oil and gas production and exploration assets in Egypt and Morocco for a cash sum of \$30 million which increased the net production to c. 3,351 boe/d and working interest 2P reserves to 9.03 million boe.
- Portfolio contains interests in 6 concessions – a) Egypt – NW Gemsa, b) Egypt – Meseda, c) Egypt – South Disouq, d) Egypt – South Ramadan, e) Morocco – Sebou, and f) Morocco – Lalla Mimouna. .
- Waha owns 19.5% stake with carrying value of AED 109.9 million as at 30 September 2018

### YTD SEP 2018 KEY HIGHLIGHTS

- Significant operational progress across portfolio with discoveries from 20 of the 23 wells drilled, representing success rate of 87%
- Production of 3,234 boe/d compared to 3,180 boe/d in corresponding 2017
- Net realized average oil price of \$61.97/barrel compared to US\$ 43.44/barrel in corresponding 2017
- Net realized average Morocco gas price of \$10.27/mcf compared to US\$ 9.38/mcf in corresponding 2017
- Cash flow from operations of AED 74.7 million, compared to AED 40.8 million in corresponding 2017
- Invested AED 79.2 million into capital expenditure, compared to AED 6.7 million in corresponding 2017
- Cash balance of AED 92.8 million at 30 June 2018, compared to AED 95.1 million at 31 December 2017

AED mn	JUN 2018	JUN 2017	VARIANCE
Revenue	89.9	66.3	36%
Gross Profit	70.9	47.9	48%
Net Profit	89.7	66.2	35%
Cash	92.8	95.1**	-2%
Total Assets	527.5	518.8**	2%
Equity	427.6	421.6**	1%

\* Includes a gain on acquisition of Circle Oil transaction, amounting AED 109 million

\*\* Comparable of Dec 2017

# YTD Sep 2018 Business Highlights

## Private Investments – Waha Land

NET REVENUE

▼ 12%

Vs. YTD SEP 2017

NET PROFIT

▼ 32%

Vs. YTD SEP 2017

FUNDING SECURED

AED 426mn

For stage 2

### OVERVIEW

- Waha Capital received a 6 km<sup>2</sup> land grant from the Government of Abu Dhabi in 2007 to develop a mixed use industrial park
- The project was divided into four equal phases (1.5 km<sup>2</sup> each) to allow for flexibility in terms of scale and funding
- Construction of Phase I infrastructure and 90,000 m<sup>2</sup> of leasable industrial space was completed in Dec 2012
- Leasing activity commenced in Q1 2013; achieved full occupancy by the end of Q1 2015 for Small Industrial Units (SIUs)
- Secured AED 426 million of funding for Stage 2 with a local bank
- The carrying value of investment property was AED 772.7 million as at 30 September 2018

### YTD SEP 2018 KEY HIGHLIGHTS

- Construction of Stage 2a SIUs is complete (92,500 m<sup>2</sup>), with initial batch of tenants moving in and commencing operations from the units
- Rental revenue and other income of AED 24.6 million (30 September 2017: AED 28.1 million)
- Cumulative development cost of AED 190.3 million (31 December 2017: AED 176.3 million) incurred for the construction of Stage 2a
- Net profit of AED 11.4 million (30 September 2017: AED 16.7 million)

# YTD Sep 2018 Business Highlights

## Private Investments – Anglo Arabian Healthcare

TOTAL REVENUE

▼ 15%

Vs. YTD SEP 2017

TOTAL ASSETS

AED 445mn

YTD Sep 2018

DIVIDEND PAID

AED 100mn

### OVERVIEW

- UAE healthcare company, with an initial focus on hospitals, clinics, diagnostics, laboratories and pharmacies
- 30 healthcare assets in the Northern Emirates, Abu Dhabi and Dubai
  - Network of 20 clinics, 7 pharmacies, 1 diagnostics center and 1 medical education provider.
  - 1 multi-specialty hospital opened in 2015 in Ajman, with an inpatient capacity of 23,400 per annum
- During 2017, AAH has completed the sale of its full equity stake in Proficiency Healthcare Diagnostics (PHD) to Al Borg Medical Laboratories, the GCC's largest chain of private laboratories. The transaction involved an equity sale price of approximately AED 171.1 million for 93% of PHD, with the net impact on AAH being an accounting gain of approximately AED 124.5 million
- AAH employs more than 1,000 people and serves over 540,000 registered outpatients.
- Carrying value of AED 217.8 million as at 30 September 2018.

### YTD SEP 2018 KEY HIGHLIGHTS

- HealthBay added a dental clinic in YTD Sep 2018, complementing its multispecialty medical complex in Dubai, offering a wide range of specialized healthcare facilities
- launched Amina Medical Center in Ajman in July 2018 to add more outpatient capacity and drive referrals to Amina Hospital.
- Consolidated revenue of AED 188.4 million, a 15.1% decrease on AED 222.0 million in the corresponding period in 2017
- Revenue is comprised of:
  - AED 42.2 million (2017: AED 89.8 million) from laboratory services
  - AED 115.9 million (2017: AED 105.1 million) from patient fees
  - AED 30.3 million (2017: AED 27.1 million) from sale of pharmaceuticals
- Shareholders' equity base attributable to owners of AED 228.3 million as at 30 September 2018 compared to AED 364.4 million as at 31 December 2017.

# YTD Sep 2018 Business Highlights

## Asset Management - Funds

### CEEMEA CREDIT RETURN

▲ 10.1% YTD Sep 2018

▲ 146.1% Since inception Jan 2012

#### CEEMEA CREDIT FUND

- The fund focuses on investing in:
  - Capital market securities (bonds, sukuk and convertibles)
  - US Dollar denominated sovereign and corporate bonds
- Initial seed capital of AED 412 million (\$112m)
- In June 2015 the fund was first offered to third-party institutional, family office and high-net-worth investors
- The CEEMEA Credit Fund won the “Best Fixed Income Fund 2018” from The Banker Middle East and won the “Best Fixed Income Fund UAE 2016” from the Global Banking & Finance review and was ranked #1 fund in the Emerging Markets Eastern Europe by Barclay-Hedge
- Returns reflect identification of thematic trades as well as individual mispriced securities and successful risk management
- Focus on relative value of securities resulting in low volatility of returns

### MENA EQUITY RETURN

▲ 9.6% YTD Sep 2018

▲ 119.7% Since inception Jan 2014

#### MENA EQUITY FUND

- The fund focuses on investing in equity securities in the large MENA region
- Initial seed capital of AED 434 million (\$118m)
- In July 2015 the fund was first offered to third-party institutional, family office and high-net-worth investors
- The MENA Equity Fund Won the “Asset Manager of the year 2018 – UAE” and “Best Absolute Return Fund (Since Inception) from W&F 2018 and in the past it has received several awards including the “Best GCC Equity Fund” at the Banker Middle East Awards and was awarded the “Best MENA Equity Fund > \$50m” at the recent MENA Fund Performance Awards.
- YTD returns reflect careful stock selection and avoidance of market sell offs
- Focus on bottom up stock selection and maintenance of healthy cash balance in case of an adverse tail risk event

### MENA VALUE RETURN

▼ 0.6% YTD Sep 2018

▲ 25.8% Since inception Jan 2014

#### MENA VALUE FUND

- Initial seed capital of AED 184 million (\$50 million) deployed
- Focuses on long-term capital appreciation by investing in equities and other securities in MENA.
- Investment criteria considers business quality and sustainability, effective capital allocation, balance sheet strength, management quality and valuation upside/limited downside risk of the underlying stock

# SUMMARY & OUTLOOK

- Streamlined organization aligned with its two core activities – Private Investments and Asset Management
- Diversified asset base and revenue streams between Private Investments and Asset Management :
  - Private Investments delivers on value creation and cash realization; with strategic emphasis on certain sectors like energy and fintech
  - Asset Management business continues to deliver strong returns, outperforming benchmarks; with strategic emphasis on raising 3rd party AUMs and fee income
- Strongly embedded and integrated risk management and corporate governance
- Robust financial position with strong level of liquidity and prudent leverage – well positioned for steady and long term growth



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# LET US HEAR FROM YOU



PO Box 28922  
42<sup>nd</sup> Floor, Tower 3, Etihad Towers  
Abu Dhabi, U.A.E.  
+971 (0) 2 667 7343  
[info@wahacapital.ae](mailto:info@wahacapital.ae)

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THANK YOU