

Q3 2017: Earnings call

Nov 2017



Principal Investments

Asset Management

YTD Sep 2017 Highlights

- YTD Sep 2017 net profit of AED 268 million compared to AED 388 million in YTD Sep 2016, after taking an impairment adjustment of AED 193 million on AerCap
- 9 month **Return on Average Equity** of 7.5% compared to 9.7% in the corresponding period of 2016
- Principal Investments division invested AED 210 million in **Channel VAS**, to acquire a significant minority in the company
- Strong **Balance sheet of AED 10.9 billion** in total assets, an increase of 9% over total assets of AED 10.0 billion as at Dec 31, 2016
- **Cash dividend** of 20% amounting to AED 368 million, approved at the Annual General meeting on March 22, 2017

الواعة كابيتال
WAHA CAPITAL

YTD September 2017

Financial Highlights

YTD Sep 2017 Financial Highlights

- Net profit of AED 267.8 million, compared to AED 387.7 million in YTD Sep 2016
- EPS of AED 0.15 compared to AED 0.21 in YTD Sep 2016
- Assets of AED 10.9 billion as at 30 September 2017 vs. AED 10.0 billion as at FY 2016, an increase of 9%
- YTD RoAE stood at 7.5% vs 9.7% in 2016
- Investment activity in YTD Sep 2017 include:
 - CVAS: Investment of AED 210.0 million
 - AAH: net investment of AED 53.8 million
 - MEA Energy: AED 37.7 million
- Capital Markets:
 - Third party funds raised AED 281.7 million;
 - Assets under management as at 30 September 2017 AED 1.9 billion, compared to AED 1.5 billion as at 31 December 2016
- 20% cash dividend of AED 367.7 million

TOTAL INCOME

AED 816mn

▼ 6% vs. YTD Sep 2016

TOTAL AUM

AED 1.9bn

▲ 27% from Dec 2016

TOTAL ASSETS

AED 10.9bn

▲ 9% from Dec 2016

DIVIDEND

AED 368mn

20% cash dividend

Q3 2017 Financial Highlights

TOTAL INCOME

▲ **6.6%**

vs. Q3 2016

TOTAL EXPENSES

▼ **3.6%**

vs. Q3 2016

NET PROFIT

▲ **3.5%**

vs. Q3 2016

AED MILLIONS	Q3 2017	Q3 2016
Total Income	267	250
Expenses - Parent	(65)	(71)
Expenses - Subsidiaries	(105)	(105)
Non Controlling interest	(12)	8
Net Profit attributable to shareholders	85	82
Equity attributable to shareholders	3,262	4,091

KEY PERFORMANCE INDICATORS

Earnings per Share (in AED)	0.05	0.04
3-month RoAE	2.6%	1.9%

YTD Sep 2017 Financial Highlights

TOTAL INCOME

▼ **6.4%**

vs. YTD Sep 2016

TOTAL EXPENSES

▲ **5.6%**

vs. YTD Sep 2016

NET PROFIT

▼ **30.9%**

vs. YTD Sep 2016

AED MILLIONS	YTD SEP 2017	YTD SEP 2016
Total Income	816	872
Expenses - Parent	(190)	(181)
Expenses - Subsidiaries	(333)	(315)
Non Controlling interest	(25)	12
Net Profit attributable to shareholders	268	388
Equity attributable to shareholders	3,262	4,091

KEY PERFORMANCE INDICATORS

Earnings per Share (in AED)	0.15	0.21
9-month RoAE	7.5%	9.7%

YTD Sep 2017 Financial Highlights

TOTAL ASSETS

AED **10.9**bn

MARKET CAP⁽¹⁾

AED **3.3**bn

DEBT

AED **6.3**bn

CASH

AED **499**mn

AED MILLIONS	30 SEP 2017	31 DEC 2016
Cash	499	572
Investment in equity-accounted investees	5,504	5,034
Investment Property	800	681
Other Investments ⁽²⁾	3,340	3,065
Other Assets	762	656
Total Assets	10,905	10,010
Borrowings	6,286	5,465
Other Liabilities	721	365
Equity	3,898	4,180
<i>RoAA (Annualised)</i>	<i>3.4%</i>	<i>4.2%</i>

1. Based on share price as at 7 Nov 2017

2. Include Equity Price Collar, Financial investments, Loan investments and Finance leases

الواعة كابيتال
WAHA CAPITAL

YTD September 2017

Business Highlights

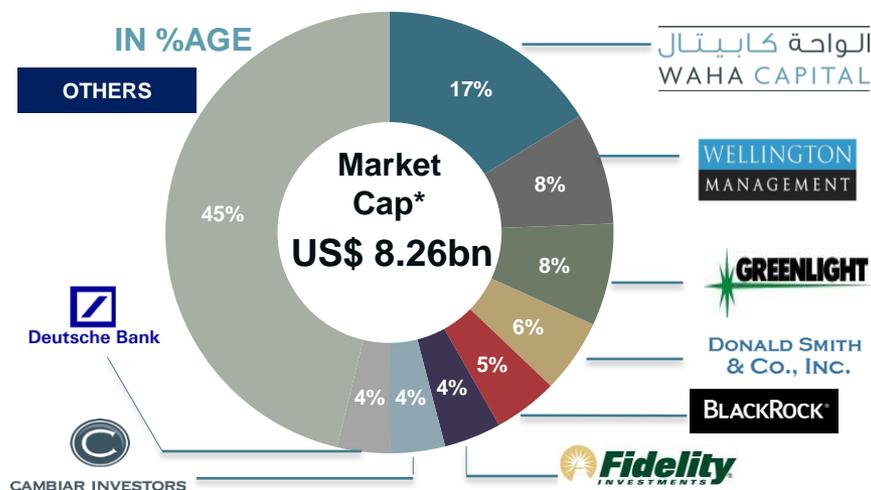
YTD Sep 2017 Business Highlights

Principal Investments - AerCap

- During the period ended 30 September 2017, AerCap carried out a share buyback program, which the Group did not participate in. Consequently, the Group's beneficial ownership increased from 15.23% to 16.99%.
- Waha Capital is currently the largest beneficial shareholder in AerCap, retaining 2 board seats and representation on various Board Committees
- During the period ended 30 September 2017, the Group recorded an impairment of AED 193.2 million against the share of income from its investment in AerCap of AED 475.2 million
- For the period ended 30 September 2017, AerCap has contributed 34.5% of the Group's total income and its carrying value of AED 4,830.4 million represents 44.2% of the Group's total assets.

YTD SEP 2017 KEY HIGHLIGHTS

- Reported net profit of US\$ 809.9 million, compared to US\$ 682.0 million in 2016; and EPS of US\$ 4.95 compared to EPS US\$ 3.61 in 2016
- US\$ 8.9 billion of available liquidity
- Adjusted debt/equity ratio of 2.7 to 1
- Adjusted \$55.06 book value per share, an increase of 17% since September 30, 2016.
- Repurchased 5.4 million shares in the third quarter of 2017 for \$266 million and 19.2 million shares year to date through October 27, 2017 for \$888 million
- New \$200 million share repurchase program authorized, which will run through March 31, 2018
- Proceeds from the sale or disposal of assets amounted to US\$ 1,200.7 million, compared to US \$ 1,828.1 million in 2016
- Gain on disposal of US\$ 180.6 million, compared to US\$ 79.8 million in 2016
- 302 aircraft transactions executed, as follows:
 - ✓ Signed lease agreements for 184 aircraft
 - ✓ Purchased 33 aircraft
 - ✓ Executed sale transactions for 85 aircraft.
- Signed an agreement with Boeing for an order of 30 787-9 aircraft.
- Signed financing transactions for \$10.9 billion
- The average age of owned fleet was 7.1 years and the average remaining contracted lease term was 6.6 years.
- Portfolio consisted of 1,506 aircraft that were owned, on order or managed



US\$ mn	YTD Sep 2017	YTD Sep 2016	Variance
Total Revenue	3,774	3,784	0%
Total Expenses	(2,857)	(3,006)	-5%
Net Profit	810	682	19%
Assets	41,007	41,798	-2%
Debt	27,287	27,998	-3%
Equity	8,603	8,327	3%
RoAE	13%	11%	
RoAA	3%	2%	

YTD Sep 2017 Business Highlights

Principal Investments - Dunia

NET INTEREST INCOME

▼ **10%**

vs. YTD Sep 2016

DEPOSITS

▲ **4%**

vs YTD Sep 2016

NET LOAN BOOK

▼ **5%**

vs. YTD Sep 2016

OVERVIEW

- Abu Dhabi-based consumer finance company established in 2008 with initial paid up capital of AED 585 million
- Operates 19 branches, has more than 2,000 employees and serves c. 285,000 customers
- Loan book grew at a 35% CAGR over the 2009–2017
- Customer deposits grew to AED 1.3 billion as at 30 September 2017, an increase of 3.7% compared to 30 September 2016
- Prudent impairment reserve of 5.0% of total loans and advances, providing a non-performing loan cover of 1.5x; compared to an impairment reserve of 2.9% of total loans and advances with a non-performing loan cover of 0.9x as of 30 September 2016
- Liquidity position with bank facilities at AED 515 million and bank placements of AED 169.6 million.
- Carrying value of AED 160.3 million as at 30 September 2017

YTD SEP 2017 KEY HIGHLIGHTS ⁽¹⁾

AED mn	YTD Sep 2017	YTD Sep 2016	Variance
Net Interest Income	384	428	-10%
Net Loan Book	1,934	2,033	-5%
Total Assets	2,204	2,290	-4%
Deposits	1,277	1,232	4%
Debt	175	142	23%
Equity	607	795	-24%

1. Figures represent the combined results of Dunia Finance LLC and Dunia Services FZ LLC; both have a common ownership structure

YTD Sep 2017 Business Highlights

Principal Investments – NPS Holdings Limited

TOTAL REVENUE

▲ **22%**

vs. YTD Sep 2016

CONTRACTS IN PROGRESS

AED 2.1bn

As at 30 SEP 2017

TOTAL ASSETS

▲ **3%**

Vs. YTD Sep 2016

OVERVIEW

- Regional leading provider of oilfield services
- In 2014, Waha Capital acquired a 20.15% stake as part of a consortium of regional co-investors which together acquired a majority stake in the company. In 2016, Waha Capital acquired an additional stake of 0.57% which resulted in effective ownership of 20.72%; which was subsequently diluted to 20.6% on issuance of new shares.
- Operations include well services (such as cementing, coiled tubing, stimulation and other), drilling and workover, well testing and wireline services
- Employs around 1,500 people and operates in 13 countries
- Carrying value AED 288.7 million as of 30 September 2017

YTD SEP 2017 KEY HIGHLIGHTS

- Secured & extended contracts worth AED 426.1 million (30 September 2016: AED 1,556.8 million), taking current contracts-in-progress to AED 2,096.4 million (30 September 2016: AED 2,144.7 million) – the remaining value as of 30 September 2017.
- Total revenue of AED 711.0 million (30 September 2016: AED 583.6 million);
- Invested AED 95.2 million in capital expenditure (30 September 2016: AED 205.5 million);
- Available banking facilities with regional banks for a limit of AED 734.0 million bearing a competitive interest. The undrawn balance of the facility was AED 180.0 million as at 30 September 2017 (30 September 2016: AED 132.4 million);
- Reported a gross book value of property, plant and equipment as at 30 September 2017 of AED 1,690.0 million (30 September 2016: AED 1,564.9 million).

AED mn	YTD Sep 2017	YTD Sep 2016	Variance
Revenue	711	584	22%
Total Assets	2,248	2,187	3%

YTD Sep 2017 Business Highlights

Principal Investments – Waha Land

NET REVENUE

▼ 3%

vs. YTD Sep 2016

NET PROFIT

▼ 6%

vs. YTD Sep 2016

FUNDING SECURED

AED 426mn

for stage 2

OVERVIEW

- Waha Capital received 6 km² of land grant from the Government of Abu Dhabi in 2007 for a mixed use industrial development
- The project was divided into four equal phases (1.5 km² each) to allow for flexibility in terms of scale and funding
- Construction of Phase I infrastructure and 90,000 m² 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)
- Commenced the development of additional SIUs (Stage 2); target delivery of 92,500 m² of new SIUs by early 2018.
- Carrying value of AED 741.3 million as of 30 September 2017

YTD SEP 2017 KEY HIGHLIGHTS

- Development of Stage 2(a) is underway (92,500 m² of SIUs); construction contracts worth AED 159 million awarded
- Secured AED 426 million of funding for Stage 2 with a local bank
- Rental revenue and other income of AED 28.4 million (2016: AED 29.2 million);
- Net profit of AED 16.7 million (2016: AED 17.8 million).

AED mn	YTD Sep 2017	YTD Sep 2016	Variance
Net Revenue	28.4	29.2	-3%
Net profit	16.7	17.8	-6%
Investment Properties	800	703	14%
Carrying value	741	748	-1%

YTD Sep 2017 Business Highlights

Asset Management – Funds

CEEMEA FIXED INCOME RETURN

▲ **12.9%**

YTD Sep 2017

CEEMEA FIXED INCOME RETURN

▲ **118.2%**

Since inception Jan 2012

MENA EQUITY RETURN

▲ **15.0%**

YTD Sep 2017

MENA EQUITY RETURN

▲ **101.6%**

Since inception Jan 2014

CEEMEA FIXED INCOME 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 368 million (\$100m)
- In June 2015 the fund was first offered to third-party institutional, family office and high-net-worth investors
- The CEEMEA Fixed Income Fund won the “Best Fixed Income Fund Manager 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 FUND

- The fund focuses on investing in equity securities in the large MENA region
- Initial seed capital of AED 368 million (\$100m)
- 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 “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

YTD Sep 2017 Business Highlights

Asset Management – Funds

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
- Returned 31.63% since inception and 13.0% in Q3 2017

CREDIT OPPORTUNITIES FUND

- Establishing Credit Opportunities Fund by committing AED 184 million (\$50 million) seed capital.
- The Fund will employ a cash-flow based approach to lending, providing financing and lending solutions tailored to the specific needs and requirements of borrowers and their respective business plans
- The Private Debt team will structure its financing into a broad spectrum of instruments which include secured loans, uni-tranche and multiple tranche loans, mezzanine debt, bonds, preferred shares, convertible loans and bonds, convertible preferred shares, equity, warrants and profit participations

PRIVATE EQUITY FUND

- Establishing Private Equity Fund including transfer of existing portfolio investment, Anglo Arabian Healthcare
- Mandate to deploy capital into high return investment opportunities across the Middle East and North Africa.
- PE platform target IRR's, value creation, capital appreciation and cash-on-cash returns
- Provides investors access to attractive growth opportunities in the MENA region

* offered to third parties

YTD Sep 2017 Business Highlights

Asset Management – Private Equity – Anglo Arabian Healthcare

TOTAL REVENUE

In line

With YTD SEP 2016

TOTAL ASSETS

▲ 8%

vs. YTD SEP 2016

EQUITY

▲ 13 %

vs. YTD SEP 2016

OVERVIEW

- UAE healthcare company, with an initial focus on hospitals, clinics, diagnostics, laboratories and pharmacies
- 34 healthcare assets in the Northern Emirates, Abu Dhabi and Dubai
 - Network of 1 day-hospital, 17 clinics, 6 pharmacies, 8 diagnostics centers, and 1 medical education provider.
 - 1 multi-specialty hospital opened in 2015 in Ajman, with an inpatient capacity of 23,400 per annum
- During Q3 2017, HealthBay Polyclinic, an asset owned by AAH, opened a new multispecialty medical complex in Dubai offering wide range of specialized healthcare facilities. Such expansion allows AAH to capture the expected growth in healthcare segment and position itself to benefit from captive business using cross-referral within the Group.
- AAH employs more than 1,000 people and serves over 540,000 registered outpatients.
- Carrying value of AED 202.2 million as of 30 September 2017

YTD SEP 2017 KEY HIGHLIGHTS

- Consolidated revenue of AED 222.0 million, a 0.8% increase on AED 220.2 million in the corresponding period in 2016;
- Consolidated revenue is comprised of AED 89.8 million (2016: AED 119.1 million) from laboratory services, AED 105.1 million (2016: AED 83.3 million) from patient fees and AED 27.1 million (2016: AED 17.8 million) from sale of pharmaceuticals; and
- Shareholders' equity base attributable to owners of AED 244.0 million as at 30 September 2017 compared to AED 215.9 million as at 31 December 2016.

AED mn	YTD Sep 2017	YTD Sep 2016	Variance
Revenue	222	220	1%
Expenses & NCI	(261)	(260)	0%
Net loss attributable to owners	(39)	(40)	3%
Total Assets	383	355	8%
Total Liabilities	119	121	-2%
Total Equity	264	234	13%

Summary & Outlook

- **Recalibration of performance across all segments** in YTD Sep 2017, in line with the revenue diversification strategy.
- **Core Principal Investments** portfolio complemented by the **Asset Management Business** to accelerate revenue diversification
- **Investment strategy remains highly focused on pursuing quality investment opportunities** which meet both rigorous and stringent due diligence requirements in line with our priority to protect and generate optimal shareholder value
- **Current market conditions generating attractive valuations for potential investments**
- **Well positioned for steady and long term growth**

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