



الارجان
ALARGAN

(KSE: ARGAN)

EARNINGS PRESENTATION

FULL YEAR 2016

Financial Highlights

12M 2016 vs. 12M 2015

Projects Revenue

KWD 9.22 mn
+38.2%

Resorts Revenue

KWD 8.65 mn
+1.6%

Rental Revenue

KWD 3.19 mn
(2.0)%

Total Revenue¹

KWD 26.76 mn
+37.0%

Operating Profit

KWD 2.95 mn
nm

Net Profit²

KWD 1.66 mn
nm

Note:

1. Including Others and excluding discontinued operations
2. Net profit excluding discontinued operations

Management Commentary



Mr. Khaled K. Al Mashaan
Vice-Chairman & CEO

“The year 2016 was a very important one for ALARGAN as we were focused on making progress at our core developments and improving our financial position. This will strengthen our business foundations and enable us to achieve our long term strategic objectives.

During the year, we reported robust performance at our residential projects in Oman and Bahrain which was complemented by our steady resorts and rental revenue streams.

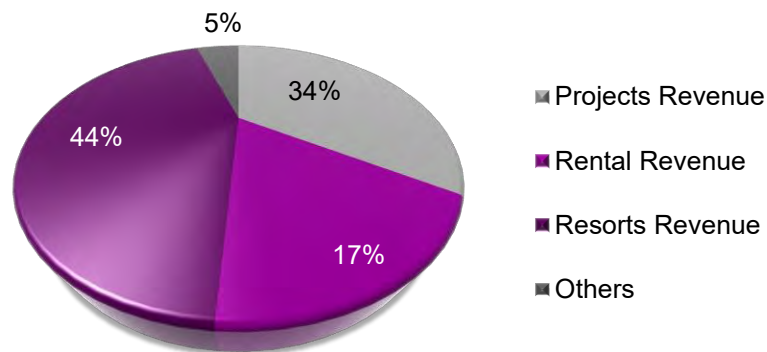
ALARGAN has an attractive residential portfolio which coupled with our development pipeline positions us strongly for the future. Furthermore, we are making good progress in developing our rental portfolio which provides a clear visibility into the future cash flow streams.”

Performance Analysis

	Q4		Y-o-Y Growth (%)	Twelve Months		Y-o-Y Growth (%)
(KWD mn)	2016	2015		2016	2015	
Projects Revenue	1.50	1.25	20.0%	9.22	6.67	38.2%
Rental Revenue	0.78	0.78	0.8%	3.19	3.25	(2.0)%
Resorts Revenue	1.98	1.89	5.1%	8.65	8.52	1.6%
Others	5.34	0.51	nm	5.70	1.10	nm
Total Revenue ¹	9.61	4.43	nm	26.76	19.53	37.0%
Share of results from Associates	0.13	0.06	nm	0.17	0.23	(26.3)%
Operating Gross Profit	2.23	(5.66)	nm	7.87	(0.34)	nm
Margin (%)	23.2%	nm		29.4%	nm	
Operating Profit	0.95	(7.60)	nm	2.95	(7.08)	nm
Margin (%)	9.9%	nm		11.0%	nm	
Net Profit¹	0.64	(7.44)	nm	1.66	(9.53)	nm
Margin (%)	6.6%	nm		6.2%	nm	

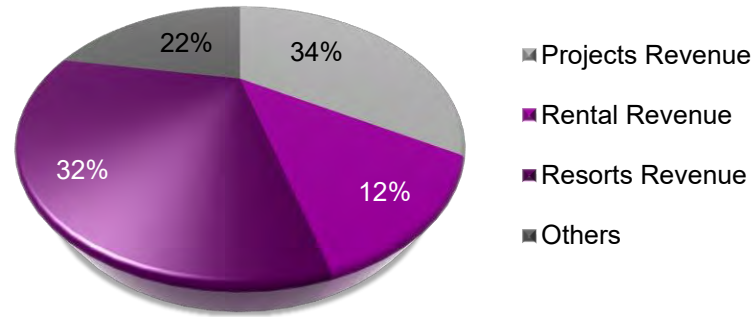
Performance Analysis

Revenue by Segment (2015)¹



2015:
KWD 19.53 mn

Revenue by Segment (2016)



2016:
KWD 26.76 mn

Performance Discussion

- Revenue during 12M 2016 benefitted from continued strong growth in the Projects revenue driven by the delivery of residential units in Oman and Bahrain and increase in the unrealised gain from change in fair value of investment properties.
 - Hotel & Resorts revenue grew by 0.7% compared to same period last year. Average occupancy during the period was 62%.
 - Real Estate Investment revenue during 12M 2016 grew 4.7x compared to same period last year due to growth in the Project revenues (+38.2%) and growth in the unrealized revenue from change in fair value of investment properties.
 - Contracting revenue declined by 11.5%. Revenue from this segment generally varies from year to year depending on the size and number of projects and the percentage of completion at each project.
- Improvement in net profit for the year was driven by improvement in operating profit.
 - In addition, a lower finance charge due to the repayment of debt had a positive impact on profitability.
- As of December 31, 2016, total debt was KWD 41.02 mn (compared to KWD 40.54 mn in September 2016).
 - Debt / Equity was 0.47x, same as September 2016.
 - Short term debt increased by KWD 0.48 mn.

Leverage Profile

(KWD mn)	December 2016	September 2016	June 2016
Short Term Borrowings	18.77	18.29	18.47
Long Term Borrowings	22.25	22.25	22.25
Total Debt	41.02	40.54	40.72
Less: Cash & Cash Equivalents	7.06	6.79	8.92
Net Debt / (Net Cash)	33.96	33.76	31.80
Shareholders Equity	87.95	86.61	86.64
Total Debt/ Shareholders Equity	0.47x	0.47x	0.47x

Corporate Bond Overview

- **Issue Size:** KWD 26.5 mn
- **Current Outstanding:** KWD 17.36 mn
 - Fixed Rate Bond: KWD 14.06 mn @6.25% per annum
 - Floating Rate Bond: KWD 3.30 mn @3.5% per annum over CBK rate
- **Tenure:** 5 Years
- **Year of Issue:** April 2012
- **Rating:** BBB
- **Outlook:** Stable
- **Rating Agency:** Capital Intelligence
- **Rating Date:** November 2016

Cashflow Overview

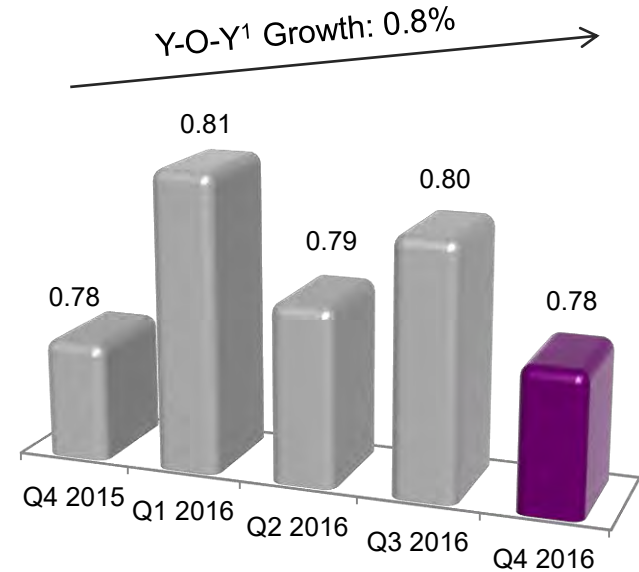
(KWD mn)	12M 2016	12M 2015
Profit for the year before NLST contribution	1.78	17.53
Total adjustments	1.17	(16.55)
Changes in operating assets and liabilities	(4.08)	0.95
Others	(0.50)	(0.37)
Net cash (used in) generated from Operating activities (A)	(1.62)	1.55
Purchase of financial assets available for sale (net)	(0.20)	(3.29)
Other Investment activities	(3.91)	39.06
Net cash (used in) generated from Investing activities (B)	(4.11)	35.77
Loans: proceed/(repayment)	(1.61)	(19.10)
Other financing activities	(3.47)	(6.95)
Net Cash used in Financing activities (C)	(5.08)	(26.05)
Net (decrease) / increase in Cash & Bank balance (A+B+C)	(10.81)	11.28
Change in Cash & Bank balance due to discontinued operations	-	4.65
Cash & Bank balance at the beginning of the year	17.51	1.58
Cash & Bank balance at the end of the year	6.70	17.51

Quarterly Performance Trend

Project Revenue (KWD mn)

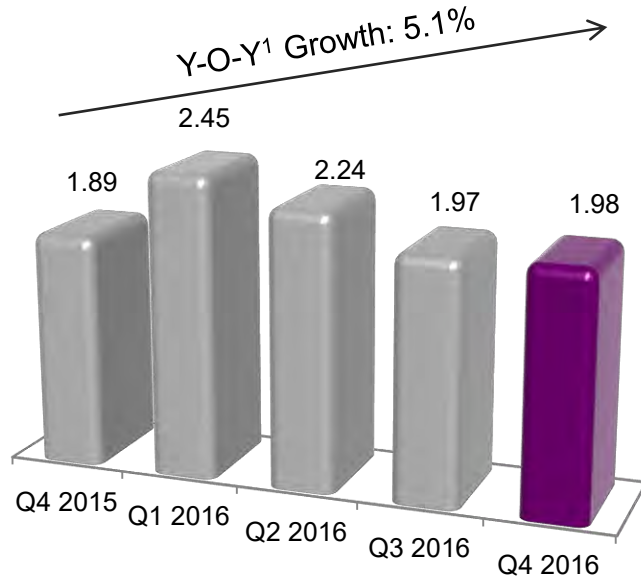


Rental Revenue (KWD mn)

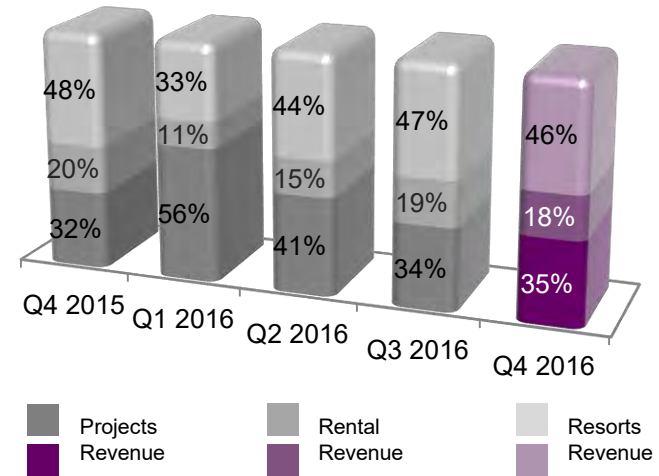


Quarterly Performance Trend

Resorts Revenue (KWD mn)

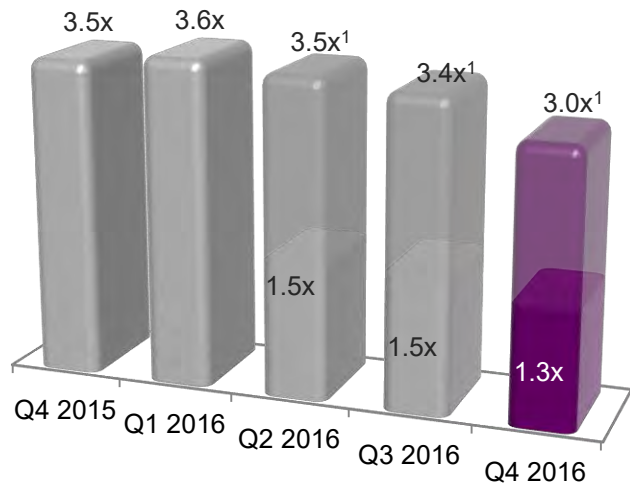


Revenue Mix ²

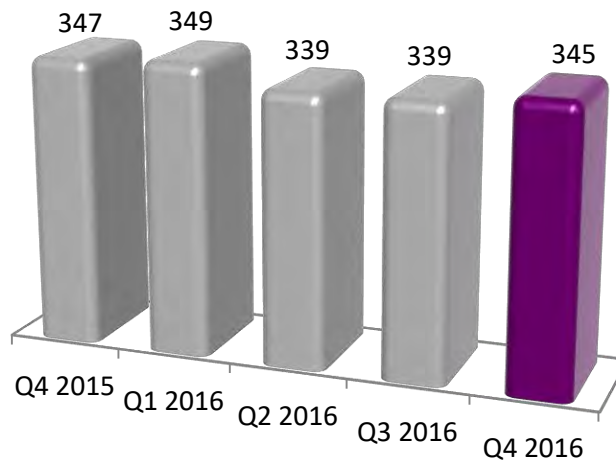


Key Ratios

Current Ratio (x)

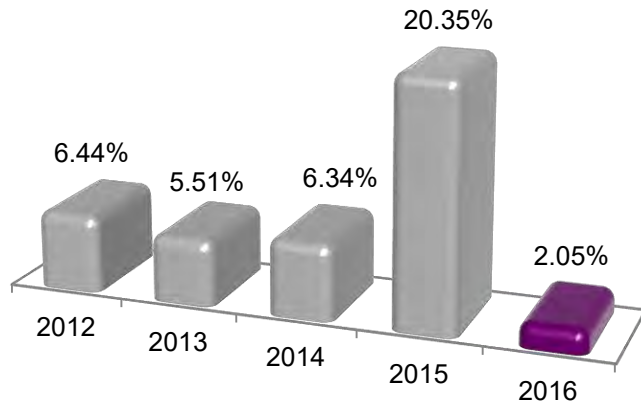


Book Value Per Share (fils)



Key Ratios

Return on Equity (%)



Commentary

- 2015 included KD 26.2 mn as profit from discontinued operations. This had a positive impact on the RoE for 2015
- Return on Equity = Net Profit / Average Shareholders Equity

ALARGAN - At a Glance

- Kuwait based real estate developer since 1994 with a focus on affordable residential developments
- Key revenue streams include development projects, resorts & hotels and rental income
- In-house capability for end to end project management, construction & contracting, property management & sales and landscaping
- Also has presence in Bahrain, Oman, Lebanon & Morocco



5,500+
Units
Delivered



\$2 billion
Projects under
development

One of the leading residential developers in the GCC

Pioneer of sustainability and green buildings in Kuwait

Strategic partnerships in Bahrain and Oman

Competitive advantage by operating across the value chain

Investment grade rating “BBB” with a Stable outlook

LIFE... As You Love It

Leadership Team

Management Team	Designation
Khaled Al-Mashaan	Vice Chairman & CEO
Walid Sayed Amin	Chief Financial Officer
Ali Khajah	General Manager, Kuwait Operations
Meshaan Al-Meshaan	Chief Business Development Officer
Marwan Asa'd	Chief Real Estate Development Officer Consultant
Mamdouh Abdelhamid	SVP, Organisational Control
Khaled Al Ramly	VP, Marketing & Communications
Hussein Saleh	Head of Legal Affairs

Directors	Background
Haitham S. Al-Khaled	Chairman
Khaled K. Al-Mashaan	Vice Chairman
Tareq B. Al-Mutawa	Independent Member
Hamad A. Al-Mudhaf	Member
Mohammed F. Al-Othman	Member

- ☒ Executive Director
- ☐ Independent Director
- ☐ Non Independent Director

Business Overview

Services Offered

Real Estate
Development

Property
Management
and Sales

Construction
& Contracting



Project
Management

Landscaping

Regional Presence

Morocco

Lebanon

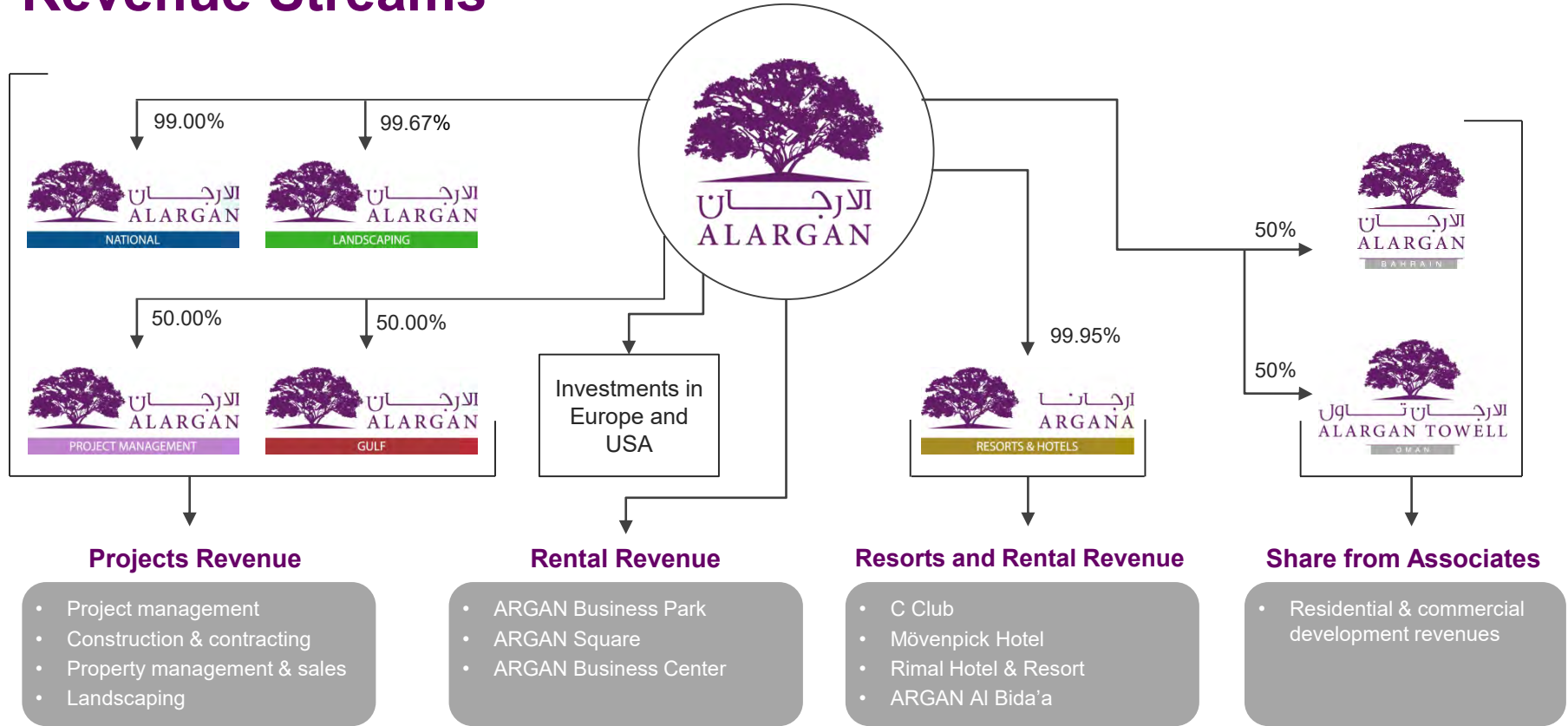
Kuwait

Bahrain

Oman

■ Residential ■ Office ■ Retail ■ Hospitality

Revenue Streams



Disclaimer

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