



الارجان
AL ARGAN

(KSE: ARGAN)

EARNINGS PRESENTATION

Q3 2017

Financial Highlights

9M 2017 vs. 9M 2016

Projects Revenue

KWD 3.49 mn

Resorts Revenue

KWD 5.82 mn

Rental Revenue

KWD 2.22 mn

Total Revenue¹

KWD 18.15 mn

Operating Profit

KWD 5.73 mn

Net Profit

KWD 5.13 mn

Note:

1. Including Others

Management Commentary



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

“Despite a subdued topline performance during 9M 2017, we reported a significant growth in our profitability. This improvement was due to a combination of lower finance cost and gain from change in fair value of an investment property.

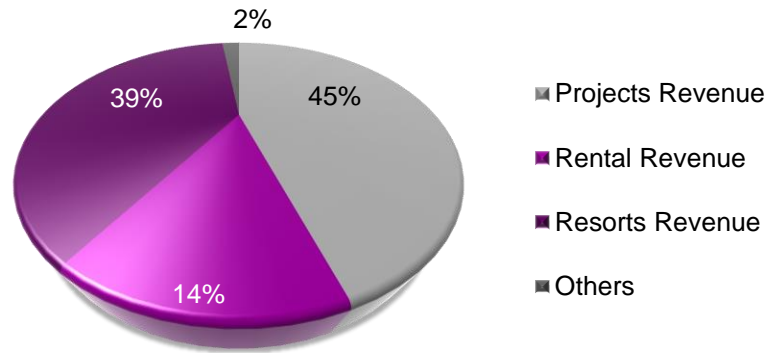
We continue to focus on strengthening of our recurring revenue portfolio. This initiative coupled with our strong balance sheet would be the primary driver for our growth in future.”

Performance Analysis

(KWD mn)	Q3		Y-o-Y Growth (%)	Nine Months		Y-o-Y Growth (%)
	2017	2016		2017	2016	
Projects Revenue	1.72	1.46	18.2%	3.49	7.72	(54.8)%
Rental Revenue	0.72	0.80	(9.9)%	2.22	2.40	(7.5)%
Resorts Revenue	1.66	1.97	(15.7)%	5.82	6.67	(12.7)%
Others	6.49	0.16	nm	6.62	0.36	nm
Total Revenue	10.60	4.40	141.0%	18.15	17.15	5.8%
Share of results from Associates	0.11	0.01	nm	0.11	0.04	nm
Operating Gross Profit	5.86	1.35	nm	8.67	5.09	70.2%
<i>Margin (%)</i>	<i>55.3%</i>	<i>30.7%</i>		<i>47.7%</i>	<i>29.7%</i>	
Operating Profit	4.77	0.36	nm	5.73	1.99	nm
<i>Margin (%)</i>	<i>45.0%</i>	<i>8.2%</i>		<i>31.6%</i>	<i>11.6%</i>	
Net Profit	4.58	0.23	nm	5.13	1.02	nm
<i>Margin (%)</i>	<i>43.3%</i>	<i>5.3%</i>		<i>28.2%</i>	<i>6.0%</i>	

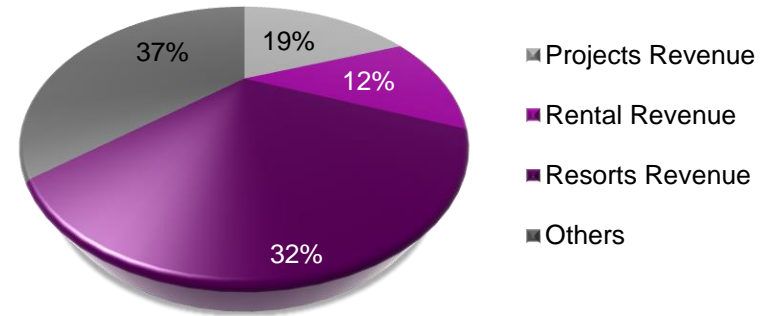
Performance Analysis

Revenue by Segment (9M 2016)



9M 2016:
KWD 17.15 mn

Revenue by Segment (9M 2017)



9M 2017:
KWD 18.15 mn

Performance Discussion

- Real Estate Investment revenue during 9M 2017 declined by 48.6% compared to same period last year. The revenue for 9M 2016 included revenue recognized for delivery of residential units in Oman and Bahrain.
- Contracting revenue declined by 52.9%. 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.
- Hotel & Resorts revenue increased by 57.5% compared to same period last year. This increase was due to gain from change in fair value of an investment property.
- Financial Charges during 9M 2017 declined by 25.7% compared to the same period last year. This improvement was on account of lower cost of debt due to renegotiation of loan agreements.
- 9M 2017 net profit increased to KWD 5.13 mn compared to KWD 1.02 mn in the same period last year. This included the benefit from lower finance cost coupled with gain on account of change in fair value of an investment property.
- As of September 30, 2017, total debt was KWD 57.99 mn (compared to KWD 44.32 mn in June 2017).
 - Debt / Equity was 0.64x, compared to 0.52x in June 2017.

Leverage Profile

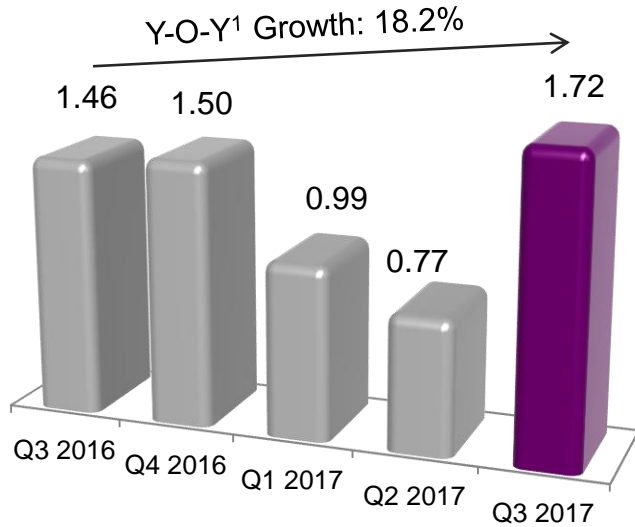
(KWD mn)	September 2017	June 2017	March 2017
Short Term Borrowings	7.02	6.62	23.45
Long Term Borrowings	50.96	37.70	33.35
Total Debt	57.99	44.32	56.80
Less: Cash & Cash Equivalents	5.99	8.22	23.37
Net Debt / (Net Cash)	51.99	36.10	33.43
Shareholders Equity	90.24	85.66	88.11
Total Debt/ Shareholders Equity	0.64x	0.52x	0.64x

Cashflow Overview

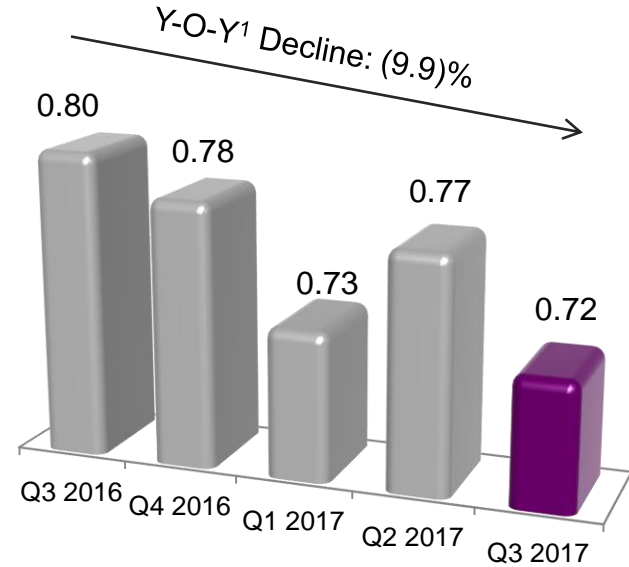
(KWD mn)	9M 2017	9M 2016
Profit for the period before NLST contribution	5.26	1.06
Total adjustments	(5.09)	1.59
Changes in operating assets and liabilities	(13.02)	(5.17)
Others	(0.54)	(0.43)
Net cash used in Operating activities (A)	(13.39)	(2.95)
Proceeds / (Purchase) of financial assets available for sale (net)	-	(0.20)
Other Investment activities	(0.84)	(2.40)
Net cash used in Investing activities (B)	(0.84)	(2.60)
Loans: proceed/(repayment)	16.95	(2.07)
Other financing activities	(3.42)	(3.46)
Net Cash generated from (used in) Financing activities (C)	13.53	(5.53)
Net decrease in Cash & Bank balance (A+B+C)	(0.71)	(11.08)
Cash & Bank balance at the beginning of the period	6.70	17.51
Cash & Bank balance at the end of the period	5.99	6.43

Quarterly Performance Trend

Project Revenue (KWD mn)



Rental Revenue (KWD mn)

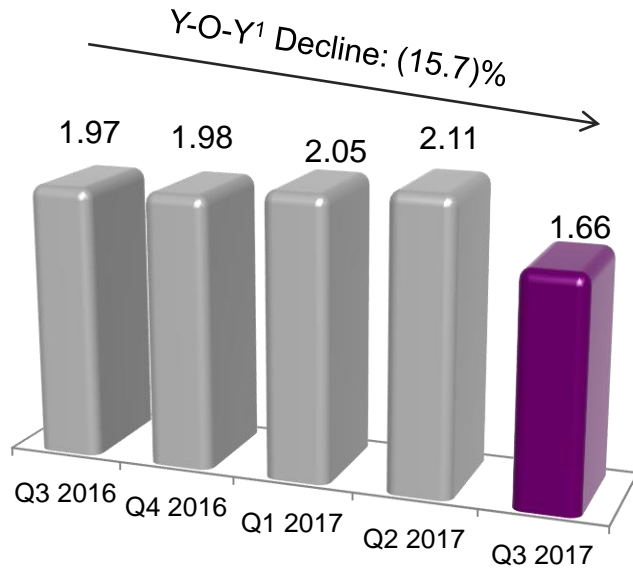


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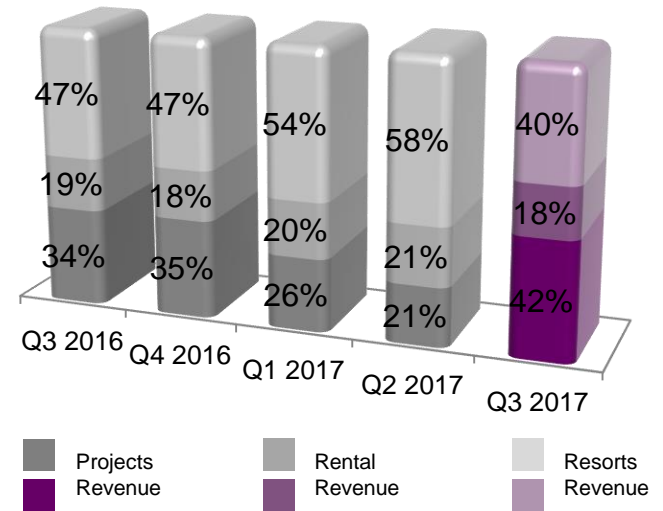
1. Y-O-Y represents growth/(decline) between the Q3 2016 and Q3 2017 numbers

Quarterly Performance Trend

Resorts Revenue (KWD mn)



Revenue Mix ²

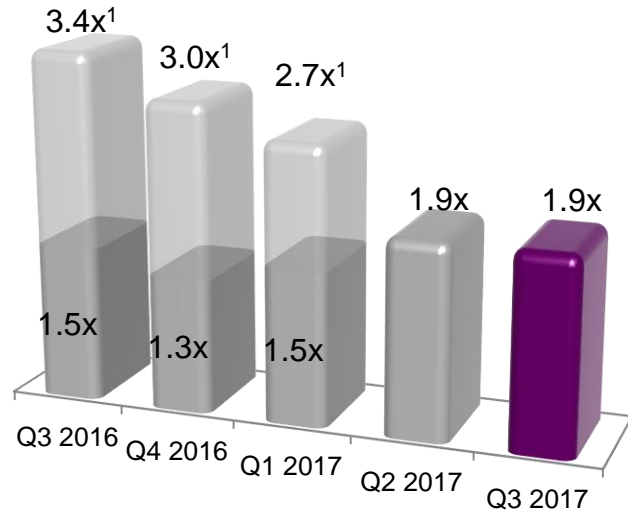


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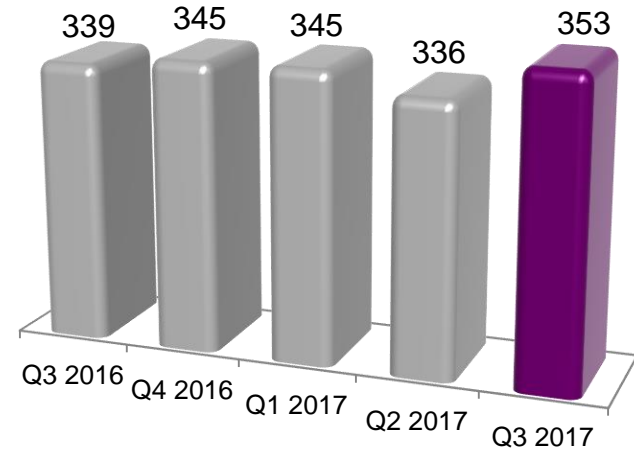
1. Y-O-Y represents growth /(decline) between the Q3 2016 and Q3 2017 numbers
2. Excluding revenue from others segments

Key Ratios

Current Ratio (x)



Book Value Per Share (fils)

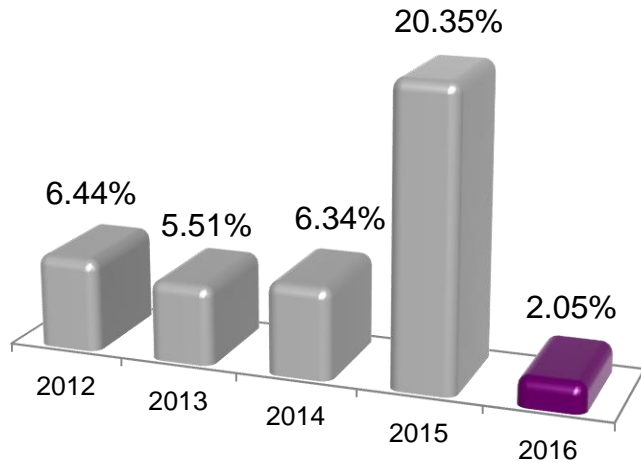


Note:

1. Current ratio excluding impact of Short Term Bonds
2. Current Ratio = Current Assets / Current Liabilities

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



A real estate developer, focused on middle income residential project developments across GCC



In-house capability for end to end project management, construction & contracting, property management, sales and landscaping



Key revenue streams include development projects, resorts, hotels and rental income



Has presence and experience across GCC and MENA region.



Listed on the Kuwait Stock Exchange since 2007



5,555+ Units Delivered



\$1.6 Billion Projects under development

“ALARGAN strives to integrate its motto, ‘Life... As You Love It’, across its projects by creating “live, work, play and savor” environments that present a unique lifestyle experience.”

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



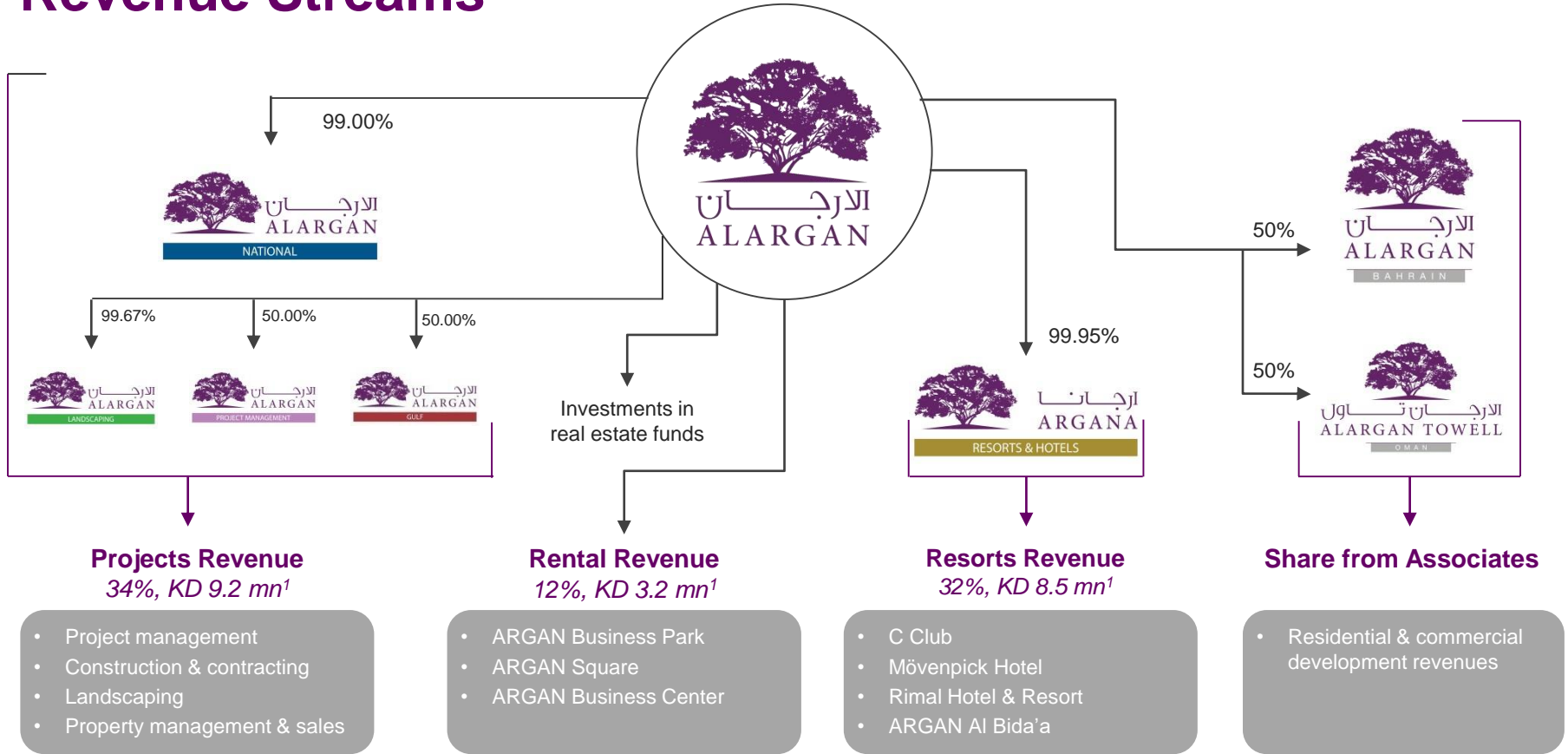
Project
Management

Landscaping

Regional Presence



Revenue Streams



Note:

1. Revenue for 12M 2016 and excludes Others

Disclaimer

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