

# Dubai Investments PJSC

H1 2020

Investor Presentation



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# Dubai Investments Overview

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# A Diversified Investment Company Listed on DFM - Market Cap. of c. AED 4.8 Bn<sup>1</sup>

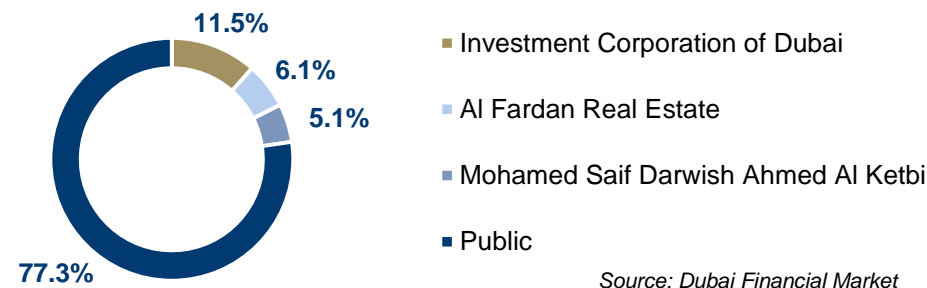
Dubai Investments Overview – Total Assets of over AED 21.5 billion with over 16,500 shareholders

## A Glance at Dubai Investments

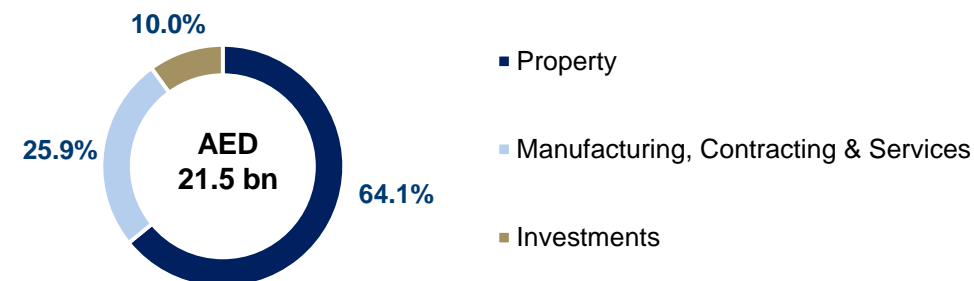


Note: Figures are rounded to the nearest decimal  
1 As of 30<sup>th</sup> June 2020

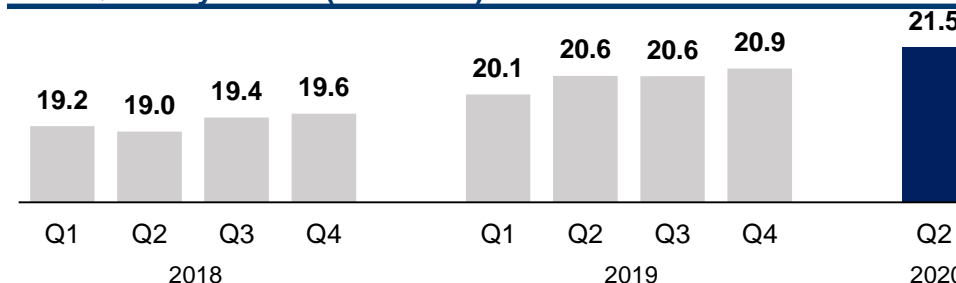
## Shareholders (June 2020)



## Business Segments by Assets (June 2020)



## Total Quarterly Assets (in AED bn)



Note: DI availed exemption for publishing Q12020 results.

# Board of Directors - A Well Seasoned and Experienced Team



## **Chairman – Abdulrahman Ghanem A. Al Mutaiwee**

Mr. Abdulrahman Ghanem A. Al Mutaiwee is a high-ranking diplomat and has held senior management positions in various ministries and government establishments. He has also served as the UAE Ambassador to the Court of St. James and Iceland. He is currently the Director in the Ministry of Foreign Affairs and International Cooperation. He holds a Bachelor's Degree in Economics from Cairo University and Diploma in Banking and Financial Studies from New York



## **Vice Chairman & CEO – Khalid Jassim Bin Kalban**

Mr. Khalid Bin Kalban has extensive experience in Manufacturing & Industrial sectors as well as Financial, Investment and Real Estate sectors. He holds a degree in Business Management from USA and is a Management Major from Metropolitan State College, USA. He is also currently the Chairman of Marka PJSC, Al Mal Capital PSC, Board Member of National General Insurance PJSC, Board Member of the Islamic Bank of Asia (Limited), Board Member of Arcapita Investment Management B.S.C and Board Member of Ajman Bank PJSC



## **Director – Ali Fardan Ali Fardan**

Mr. Ali Fardan Ali Al Fardan has significant experience in Real Estate Management, Property Investments, Capital Investment Management and Hospitality Management. He holds a Bachelor of Science in Management and Information System. He is also currently the Vice Chairman of Al Fardan Group, Managing Director of Al Fardan Real Estate, CEO of First Investor LLC, Board Member of Al Mal Capital PSC and Board Member of Commercial Bank of Dubai PJSC



## **Director – Mohamed Saif Darwish Ahmed Al Ketbi**

Mr. Mohamed Al Ketbi has experience in Investments & Projects, Real Estate and Hospitality Sectors. He holds a Bachelor Degree in Business Administration majoring in Business Management. He is currently the Board Member of AHI Carrier FZC, Vice Chairman of Danat El Emarat Hospital Project, Board Member of Marka PJSC and Board Member of Al Mal Capital PSC



## **Director – Khaled Mohammad Al Kamda**

Khaled Al Kamda has over three decades of senior management experience across a number of sectors including airlines, private equity and banking and has also held senior management positions in government establishments. He holds a Bachelor's Degree in Electrical Engineering from Florida Institute of Technology, USA and a MBA Degree from Cranfield School of Management, England



## **Director – Hussain Nasser Ahmed Lootah**

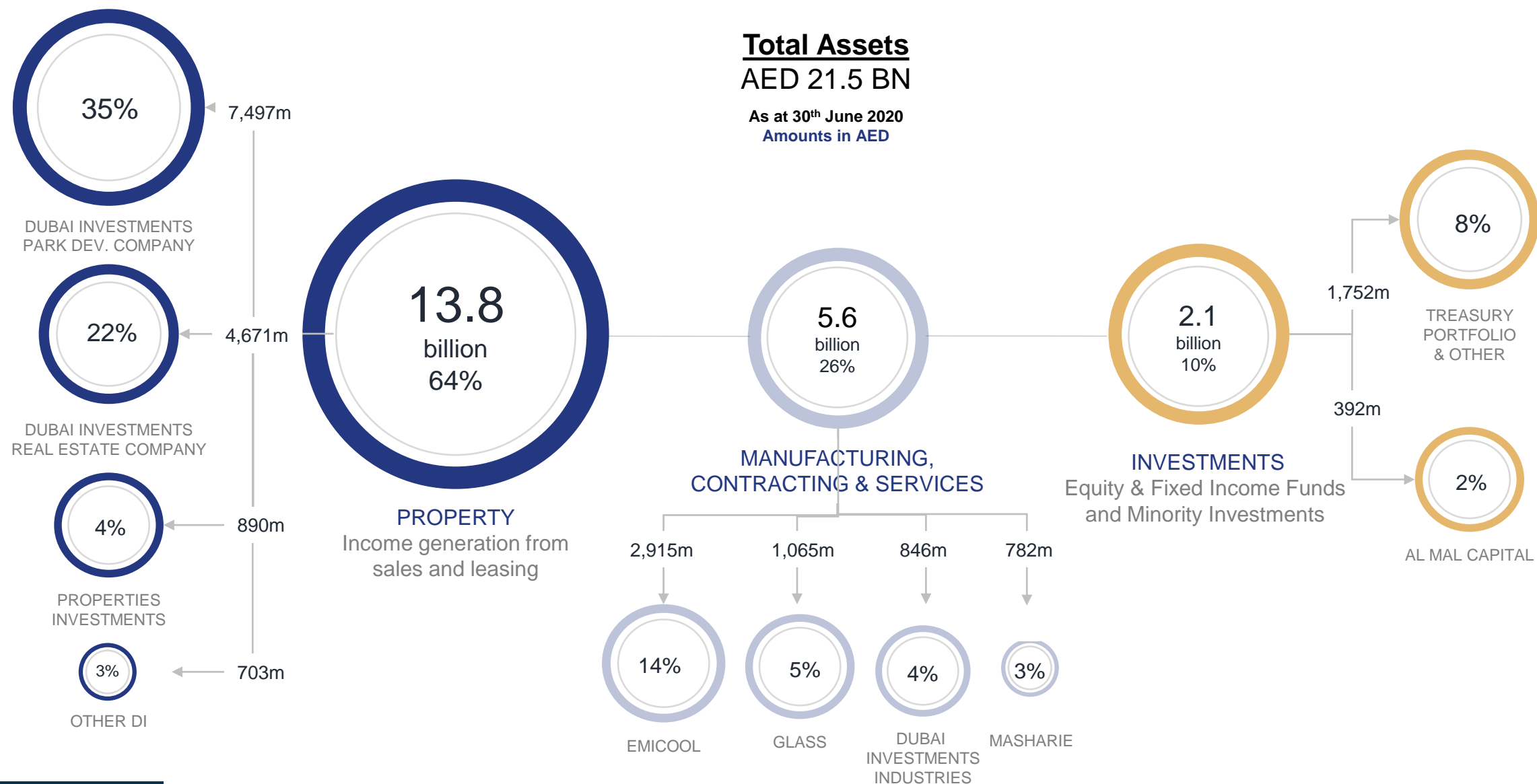
Hussain Nasser Lootah is a prominent business figure in the UAE, holding, throughout his career, chairmanship and membership of several government committees. Among several key positions held by him, included his association with Dubai Municipality for over 30 years, culminating in his 12 years tenure as the Director General of Dubai Municipality till the year 2018. He also played a prominent role in establishing the Society of Engineers where he chaired its board for 4 years. Currently he is the Chairman of Hussain Lootah Group (HLG). He holds a degree in Civil Engineering from the University of Arizona.



## **Director – Abdulrahman Mohamed Rashed Al Shared**

Abdulrahman Mohamed Rashed Al Shared is a well-known businessman and a former government official in Dubai Municipality. He has held senior level positions across several sectors. He was previously employed as a Secretary General by Awqaf & Minors Affairs Foundation. In addition to being the founder of Mai Real Estates, he is a Board member across various entities. He holds a Master's Degree in Environmental Sciences.

# Diversified Portfolio of Assets Across Real Estate, Manufacturing and Services

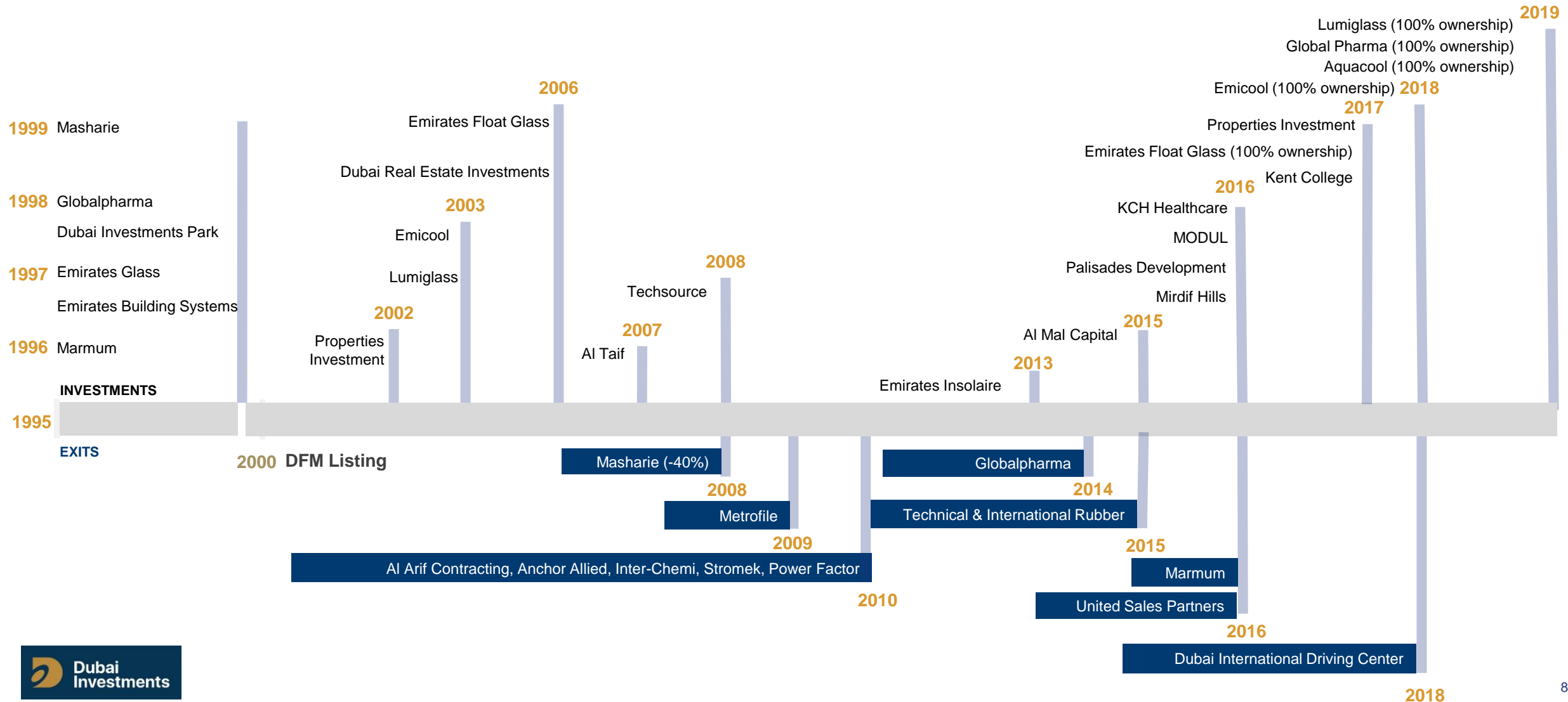


# Dubai Investments – A Diversified Portfolio of Investments



# 25 Years of Building Businesses and Creating Shareholder Value

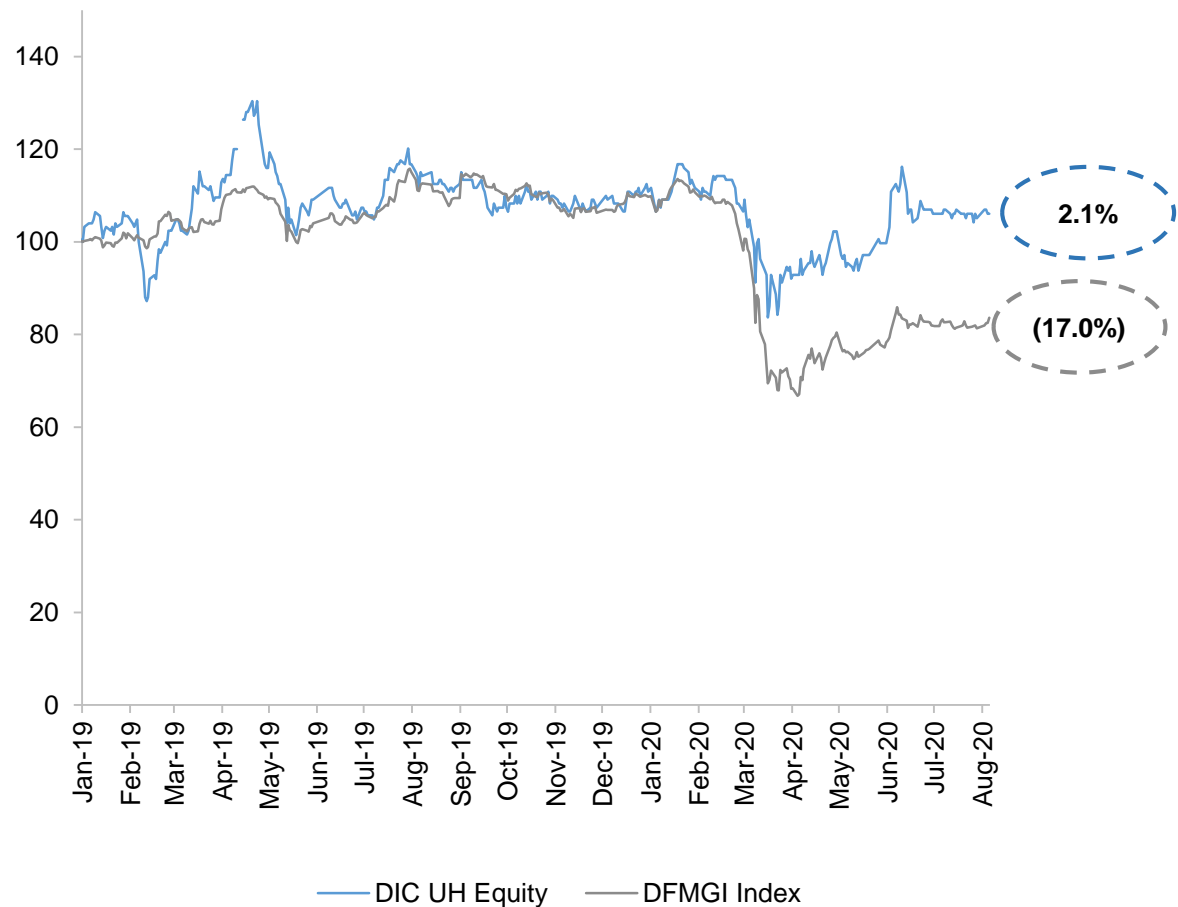
Long-term investment approach in building underlying value of investees – provide the necessary strategic direction along with growth capital; exit businesses which have matured - enhance shareholder value through the capital gains



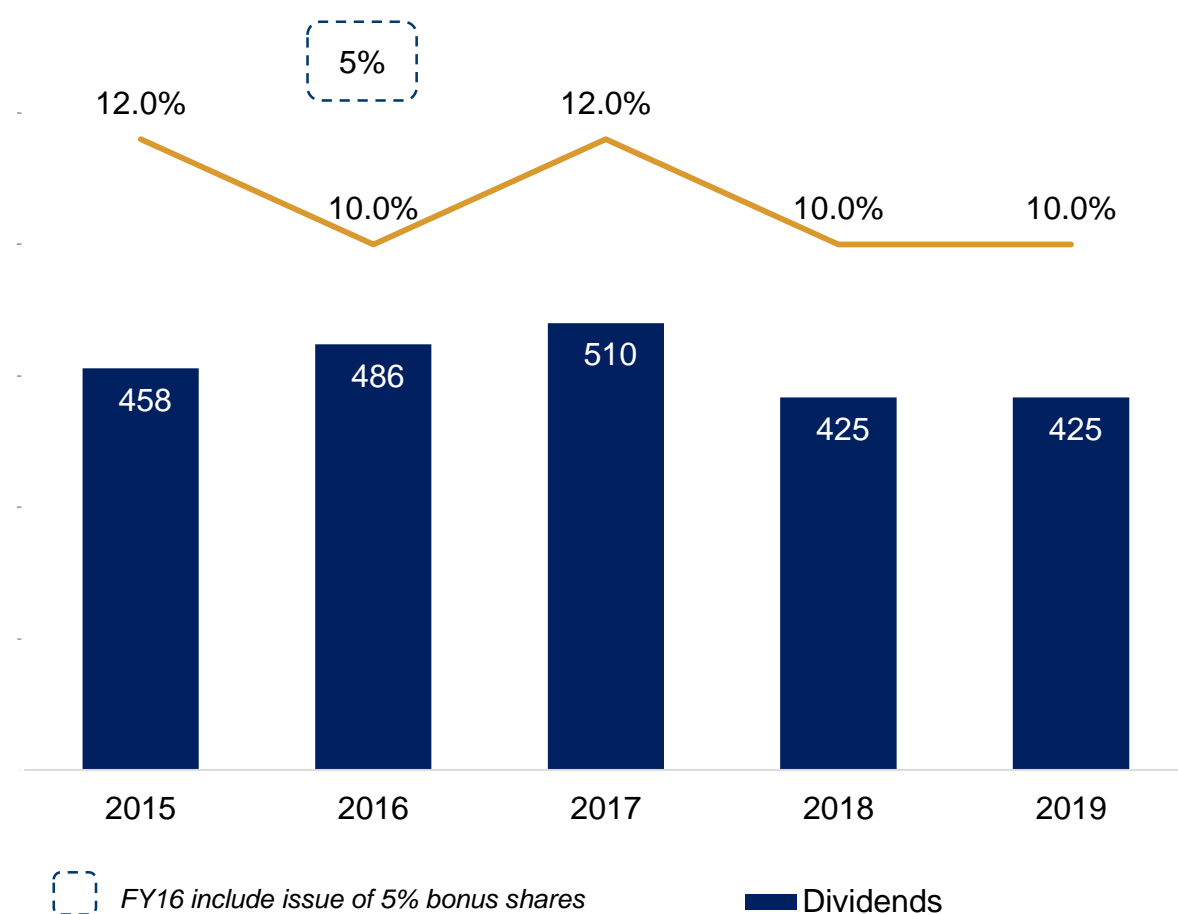


# Consistent Dividend Paying Company

Shareholder Returns – DIC vs. DFMGI Index



Dividends (AED million) and Dividend declared



## Management Summary – H1 2020 Financial Highlights

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# Key Messages – H1 2020

## Group Result

- The Group reported total income of AED 1,137.2 million and net profits of AED 205.0 million (attributable to owners) for the half-year ended 30th June 2020. Total Income and net profit were lower mainly due to loss on FV of investments in H1 2020 and the decline in income from sale of goods & services mainly on account of the impact of COVID-19, as a result of the lockdown being imposed by the various governments globally to contain the pandemic. Moreover, total Income in H1 2019 was also higher due to one-off gain from the acquisition of a controlling stake in Globalpharma.
- In contrast, the rebound in the financial markets in Q2 2020, after a correction towards the end of Q1 2020, normalization of business activities within the GCC region along with cost rationalization measures taken by the Group resulted in a profit of AED 211.8 million (attributable to owners) for the three month period ended June 2020 - an increase by 40.1% over the same period in the last year.
- Despite the volatility witnessed globally in H1 2020, earnings per share were recorded at AED 0.05/share.
- Total Assets reached AED 21,460.3 million as at 30th June 2020. Increase in total assets is mainly attributable to additions to Investment Properties, increase in Right-of-use-Assets and increase in the value of Inventories (which includes properties held for development and sale in the ordinary course of business).

## Portfolio

- Despite prevailing challenges in the real estate sector, Rental income remained resilient for H1 2020 at AED 432.0 million and at relatively similar levels as compared to the same period in the prior year - DIP continues to remain a flagship asset contributing c.87% of total rental income in 2020
- Key non-financial events in H1 2020:
  - Development of Fujairah Business Center project has continued in 2020 and the project is 85% complete as of 30<sup>th</sup> June 2020 with expected handover in Q1 2021
  - Janayen Avenue, part of Mirdif Hills development was handed over earlier this year in 2020. The remaining phase one is expected to be completed by end of 2020
  - Construction of commercial spaces within the Al Multaqa Avenue, Mirdif Hills is progressing steadily and is set to revitalize Mirdif's commercial landscape. The commercial spaces will comprise of a four-star hotel, first freehold office spaces and retail spaces in Mirdif Hills
  - The Group, through its subsidiary Al Mal Capital PSC, is evaluating the possibility of launching a REIT in the near future

# H1 2020 – Financial Highlights: Well Capitalized and Profitable Company

TOTAL INCOME

1,137.2

AED million

EBITDA

462.5

AED million

ATTRIBUTABLE  
NET PROFIT

205.0

AED million

EPS

0.05

AED per share

ROE\*

3.5%

TOTAL ASSETS

21.5

AED billion

CASH & CASH  
EQUIVALENTS\*\*

c.1.8

AED billion

NET DEBT#

5.04

AED billion

TOTAL ATT.  
EQUITY

11.7

AED billion

NET DEBT / TOTAL  
ATT. EQUITY\*

42.9%



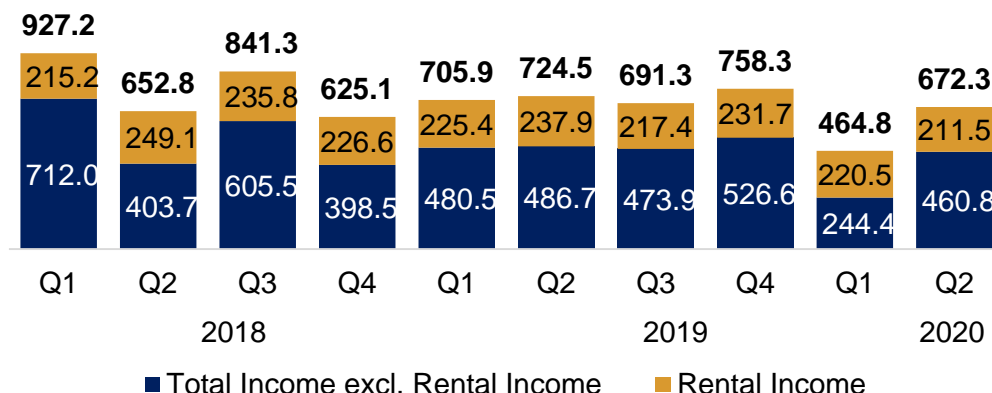
# H1 2020 KPIs: Resilient performance with a healthy EBITDA despite COVID-19

## Income and Earnings (AED m)

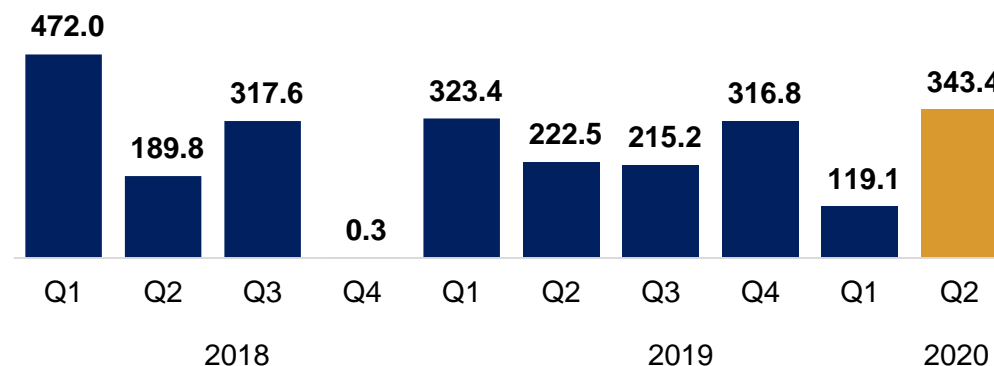
| Consolidated Financials  | H1 2020        | H1 2019        | y-o-y (%)      |
|--------------------------|----------------|----------------|----------------|
| <b>Total income</b>      | <b>1,137.2</b> | <b>1,430.4</b> | <b>-20.50%</b> |
| Total expenses*          | (1,008)        | (1,144.1)      | 12.64%         |
| <b>Net profit</b>        | <b>205.0</b>   | <b>353.2</b>   | <b>-41.97%</b> |
| <b>EBITDA</b>            | <b>462.5</b>   | <b>511.2</b>   | <b>-9.53%</b>  |
| <b>EPS (AED)</b>         | <b>0.05</b>    | <b>0.08</b>    | <b>-41.97%</b> |
| <b>ROE %<sup>#</sup></b> | <b>3.5%</b>    | <b>6.0%</b>    | <b>-42.30%</b> |
| <b>ROA %<sup>#</sup></b> | <b>1.91%</b>   | <b>3.42%</b>   | <b>-44.17%</b> |

# Evolution by Quarter: Rental Income Portfolio remains key contributor to Total Income

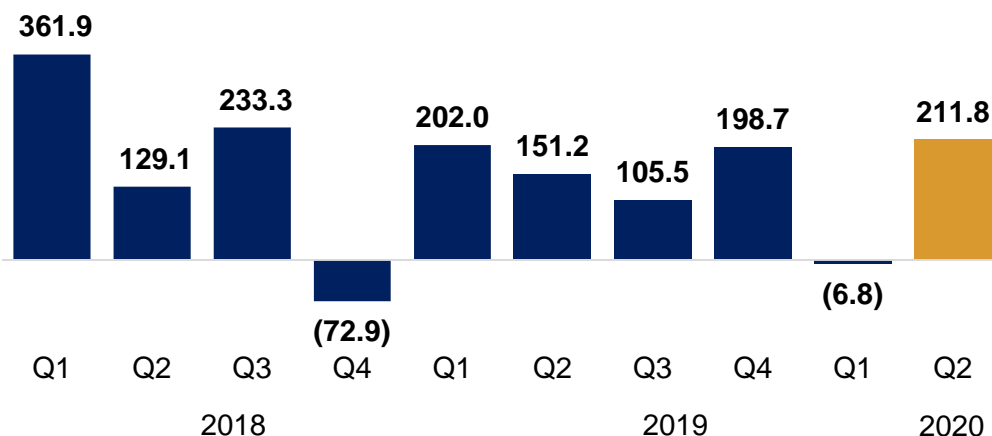
Total Income and Rental Income (AED m)



EBITDA (AED m)



Attributable Profit (AED m)

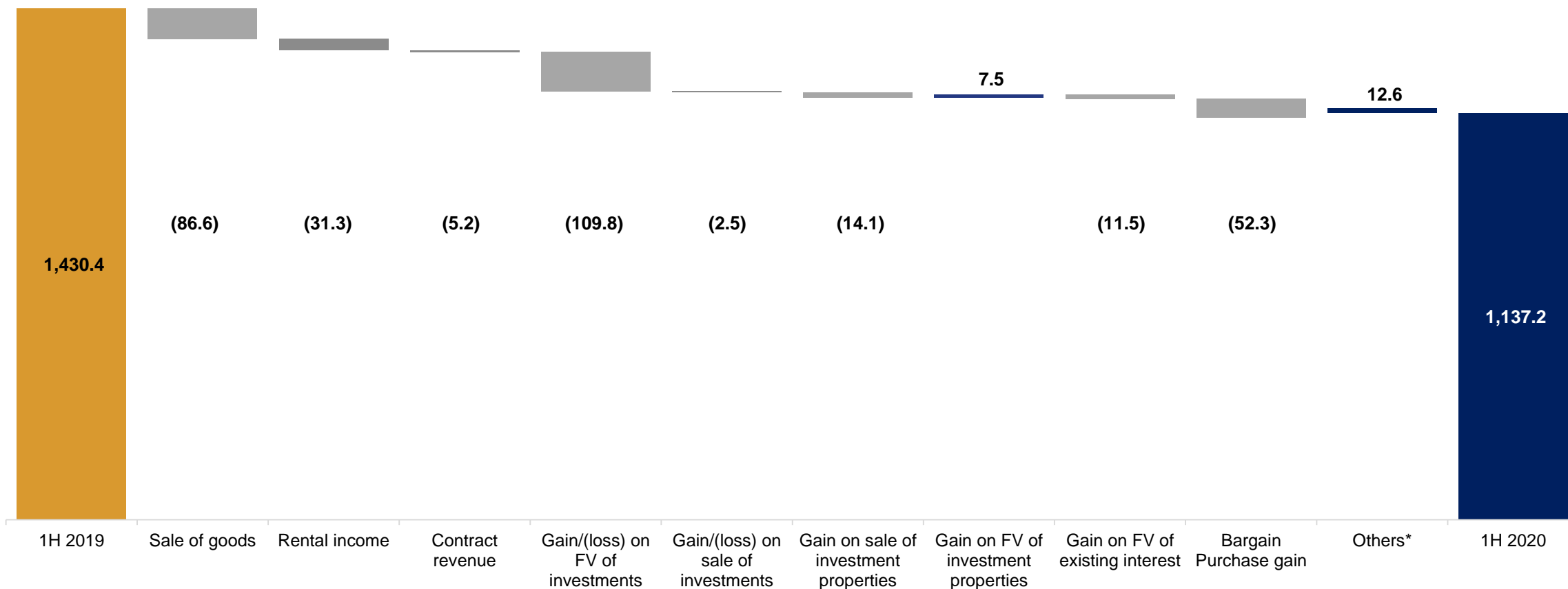


Key Highlights

- In Q2 2020, the Group recorded total income of AED 672.3 million vis-à-vis AED 724.5 million in Q2 2019, mainly due to the lower income from sales of goods and services due to the lockdown measures imposed by the governments which impacted sales. This was off-set by an increase in FV of investments as a result of the rebound in the financial markets in Q2 2020
- For H1 2020, the Group recorded total income of AED 1,137.2 million as compared to AED 1,430.4 million in H1 2019 - lower due to losses on FV of investments in H1 2020 and the decline in revenue from sale of goods & services on account of the impact of COVID-19.
- Rental Income remained resilient at AED 432.0 million, representing c. 38% of the Total Income for H1 2020
- Despite the lower Total Income, the cost rationalization measures implemented resulted in higher profits attributable to shareholders of AED 211.8 million for Q2 2020 compared to Q2 2019 (AED 151.2 million) – an increase by 40.1%

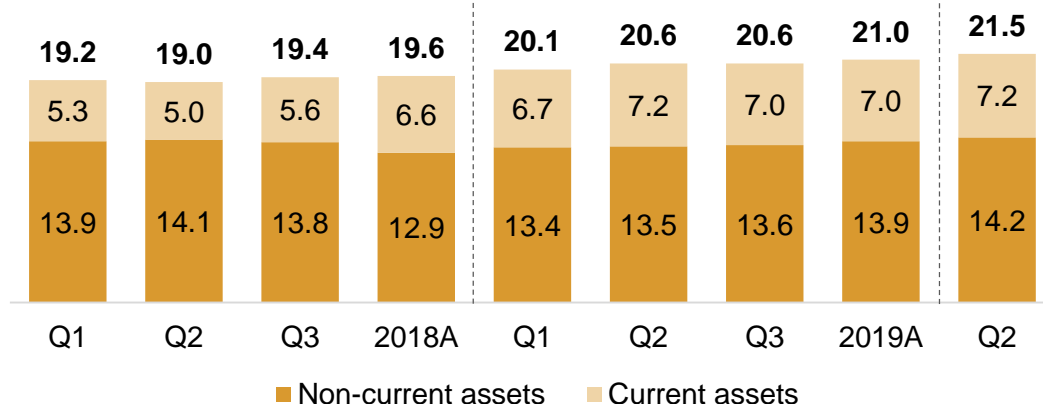
# Total Income Movement Year-on-Year

Total Income Bridge (AED m)

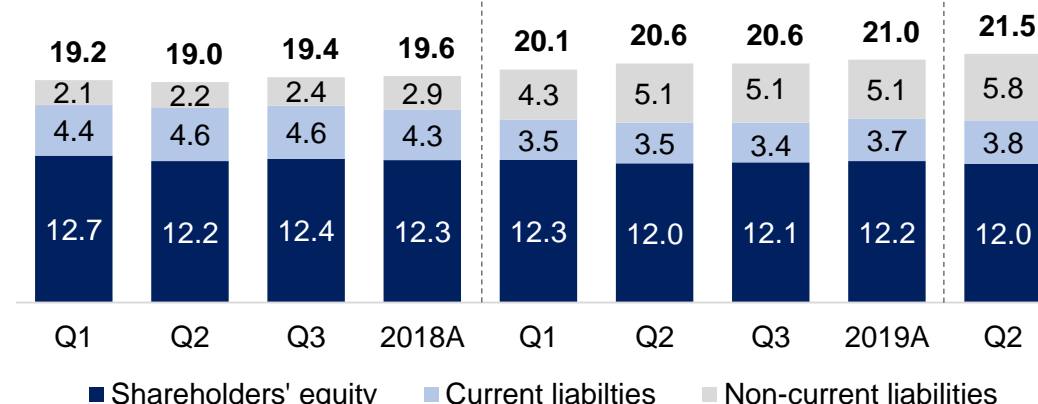


# Growth in Assets & Liabilities due to Acquisitions & Growth in Real Estate Portfolio

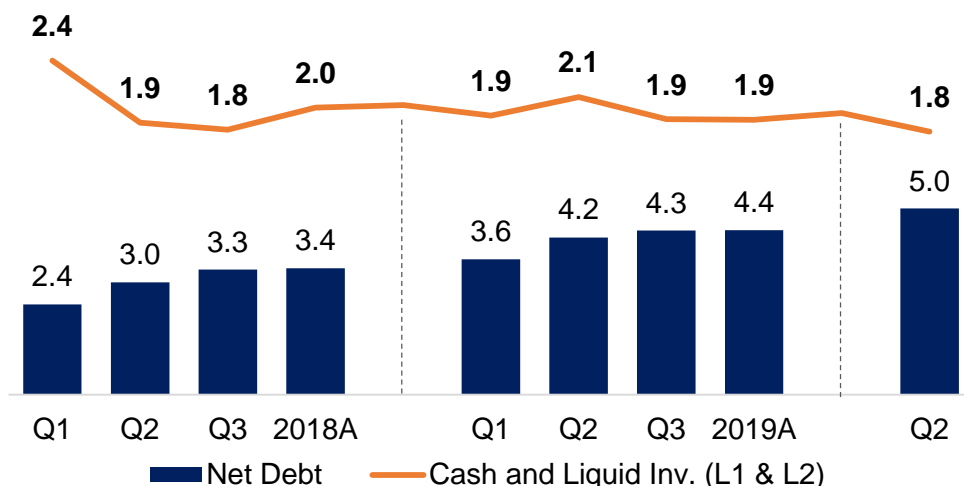
## Total Assets (AED bn)



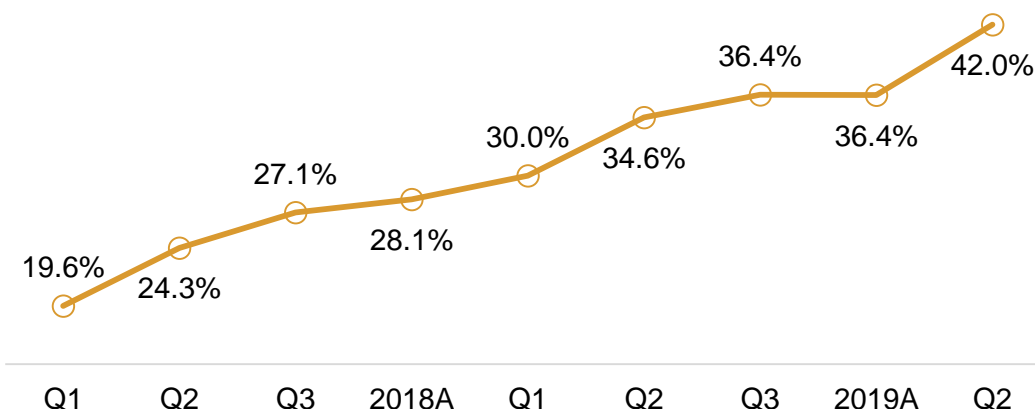
## Total Liabilities & Total Equity (AED bn)



## Net Debt and Total Cash & Liquid Inv. (AED bn)



## Net Debt / Total Attributable Equity (%)





## Operational Performance by Business Segment – H1 2020

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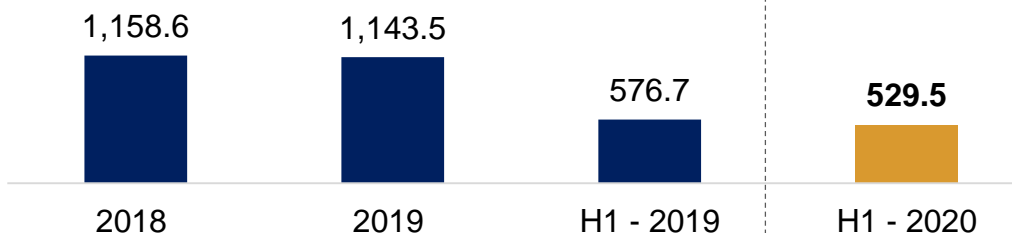
# Property Segment – Development of Real Estate for Sale and Leasing

## Property

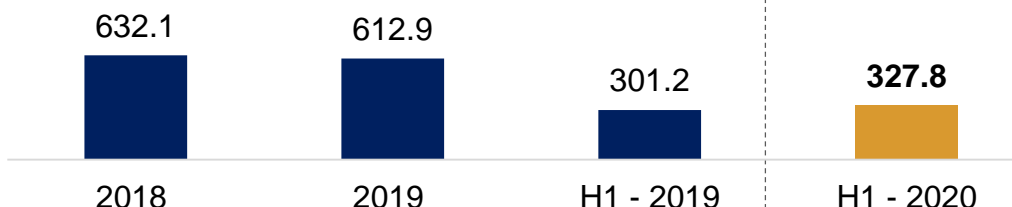
- Despite challenging conditions, Total Income from the Property segment remained resilient at AED 529.5 million. The decline of AED 47.2 million from the prior period was largely on account of lower sub-leasing income within DIP and decrease in rental income from other real-estate portfolio.
- Within the Group's Investment Properties (AED 8,840.8 million), infrastructure and ancillary facilities account for majority (58%) of the Group's Investment Properties portfolio in H1 2020. Such Infrastructure facilities, located in DIP, are leased on long-term basis and have been over 98% occupied over past several years and has been generating a sustainable rental income.
- Given the asset intensive nature majority of the bank borrowings are attributable to this business segment. In terms of profitability (attributable to Owners), this segment recorded a healthy profit of AED 327.8 million. This is higher as compared H1 2019 (AED 301.2 million), mainly on account of cost rationalization measures implemented by the various entities within the Group and higher other income.

## Financial highlights (June 2020)

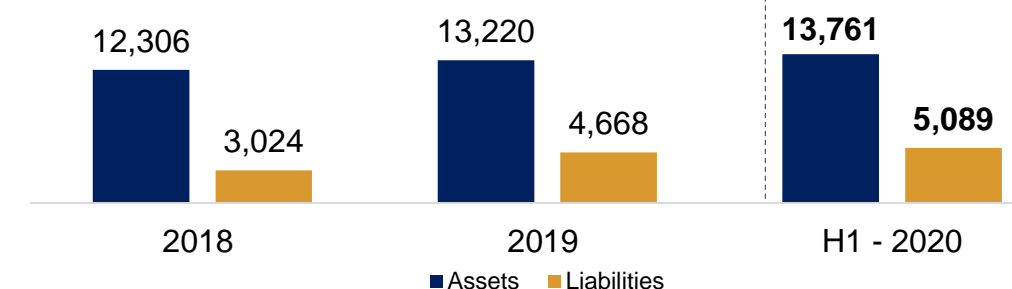
### Total Income (AED m)



### Attributable Profit (AED m)



### Total Assets and Liabilities (AED m)



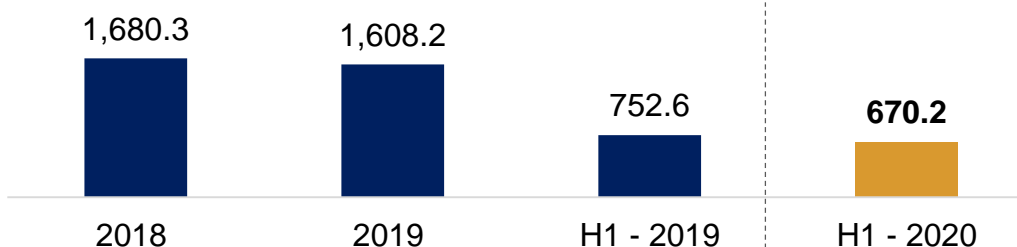
# Manufacturing Segment – Manufacturing, District Cooling, Healthcare and Education

## Manufacturing, Contracting & Services

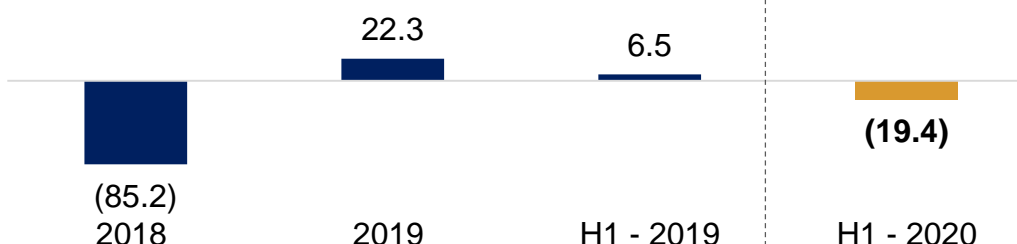
- Total Income from the Manufacturing, Contracting & Services segment declined to AED 670.2 million in H1 2020 from AED 752.6 million in H1 2019 primarily on account of lower revenue from sale of goods and services due to the reasons mentioned above - lockdown measures undertaken by various Governments to contain the spread of COVID-19.
- While the lower income had a corresponding decrease in cost of sales, the fixed nature of operating expenses and finance costs along with the net impairment loss on financial and contract assets, resulted in a loss (attributable to the owners) for the period by AED 25.9 million in H1 2020 (from a profit of AED 6.5 million in H1 2019 to loss of AED 19.4 million in H1 2020).

## Financial highlights (June 2020)

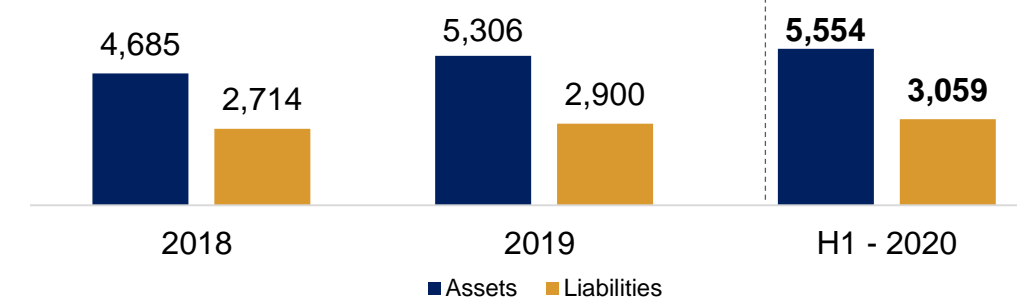
### Total Income (AED m)



### Attributable Profit (AED m)



### Total Assets and Liabilities (AED m)



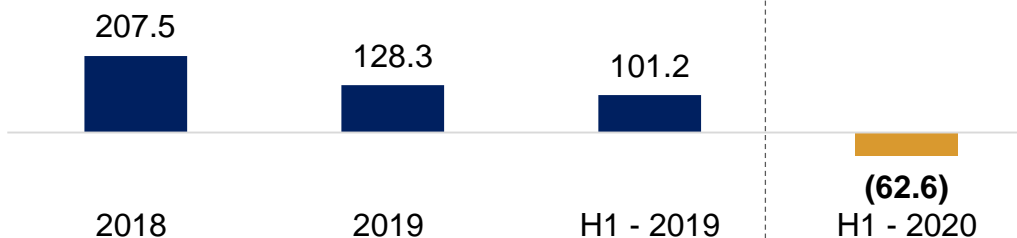
# Financial Inv. Segment – Strategic Interests in Associates & Financial Investments

## Financial Investments

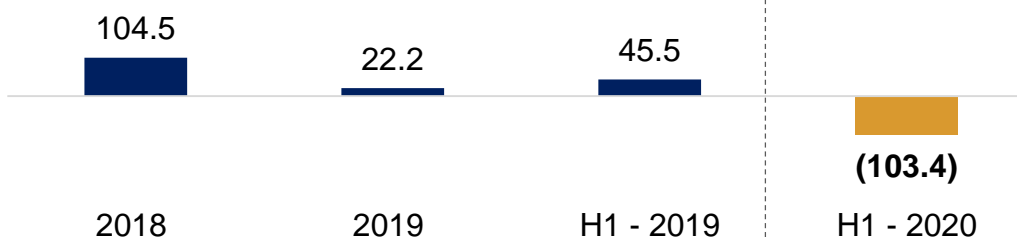
- Total Income from Investments business segment was negative in H1 2020 (AED 62.6 million) as compared to AED 101.2 million in H1 2019 which was mainly due to fair valuation of investments portfolio (AED 65.8 million) caused due to the turmoil in financial markets as a result of the pandemic
- In H1 2019, the Group also recorded a one-off gain (AED 63.8 million) from the acquisition of a controlling stake in Globalpharma
- As a result of the above, along with the fixed nature of administrative and general expenses, the segment recorded loss (attributable to owners) of AED 103.4 million as compared to a profit of AED 45.5 million recorded in the prior period

## Financial highlights (June 2020)

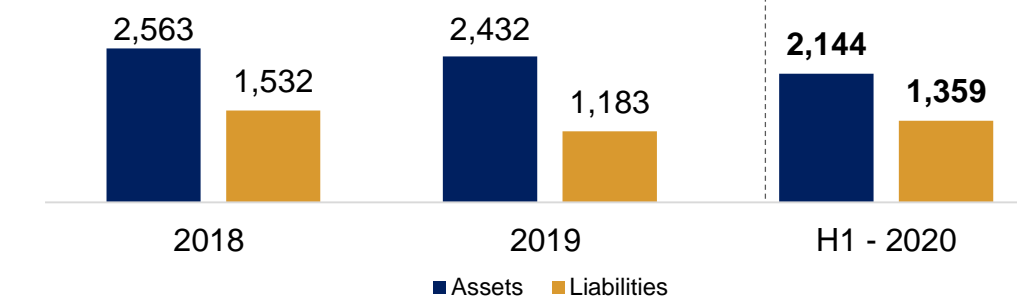
### Total Income (AED m)



### Attributable Profit (AED m)



### Total Assets and Liabilities (AED m)





## Management Strategy & Outlook

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# Management Strategy & Outlook: Generate Sustainable Cash Flows to Maximize Shareholder Returns

## Profitability

Continue to generate steady income, backed by recurring cash flow & rental income streams with growth in net profitability

Focus on monetizing available land bank/Real Estate portfolio to generate a steady and sustainable cash flow stream;

- Complete and handover of all phases of Mirdif Hills development by Q1 2021
- Complete construction of Al Taif mixed-use project (Fujairah) by Q1 2021

## Diversification

- The Group, through its subsidiary Al Mal Capital PSC, is evaluating the possibility of launching a REIT in the near future
- Monitor and nurture investment in healthcare and education sector

## Synergy & Scale

- Replicate successful business models across the region that enjoy strong growth potential (e.g. DIP) in new markets GCC, Africa
- Bolt on acquisitions/invest in a range of industrial companies and mature businesses, that complement the existing portfolio and enhance synergies

## Risk Management

- Prudent approach to balance sheet and portfolio risk management
- Maintain healthy cash position and liquid investment portfolio and non-core long term investments

## Return Focused

- Divest stakes in mature businesses to enhance shareholder value
- Maintain attractive dividend return profile for shareholders

## Portfolio Information – Flagship Assets

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# Dubai Investment Park - A “City within a City”

TOTAL AREA

23

million m<sup>2</sup>

NET LEASE

17

million m<sup>2</sup>

LEASED PLOTS

~1,100

INDUSTRIAL

60%

LEASED

98%

RESIDENTIAL

32%

H1 2020 RENTAL  
INCOME

375

AED million

COMMERCIAL

8%





# Emicool – The Leading District Cooling Provider



ESTABLISHED

2003

CUSTOMERS

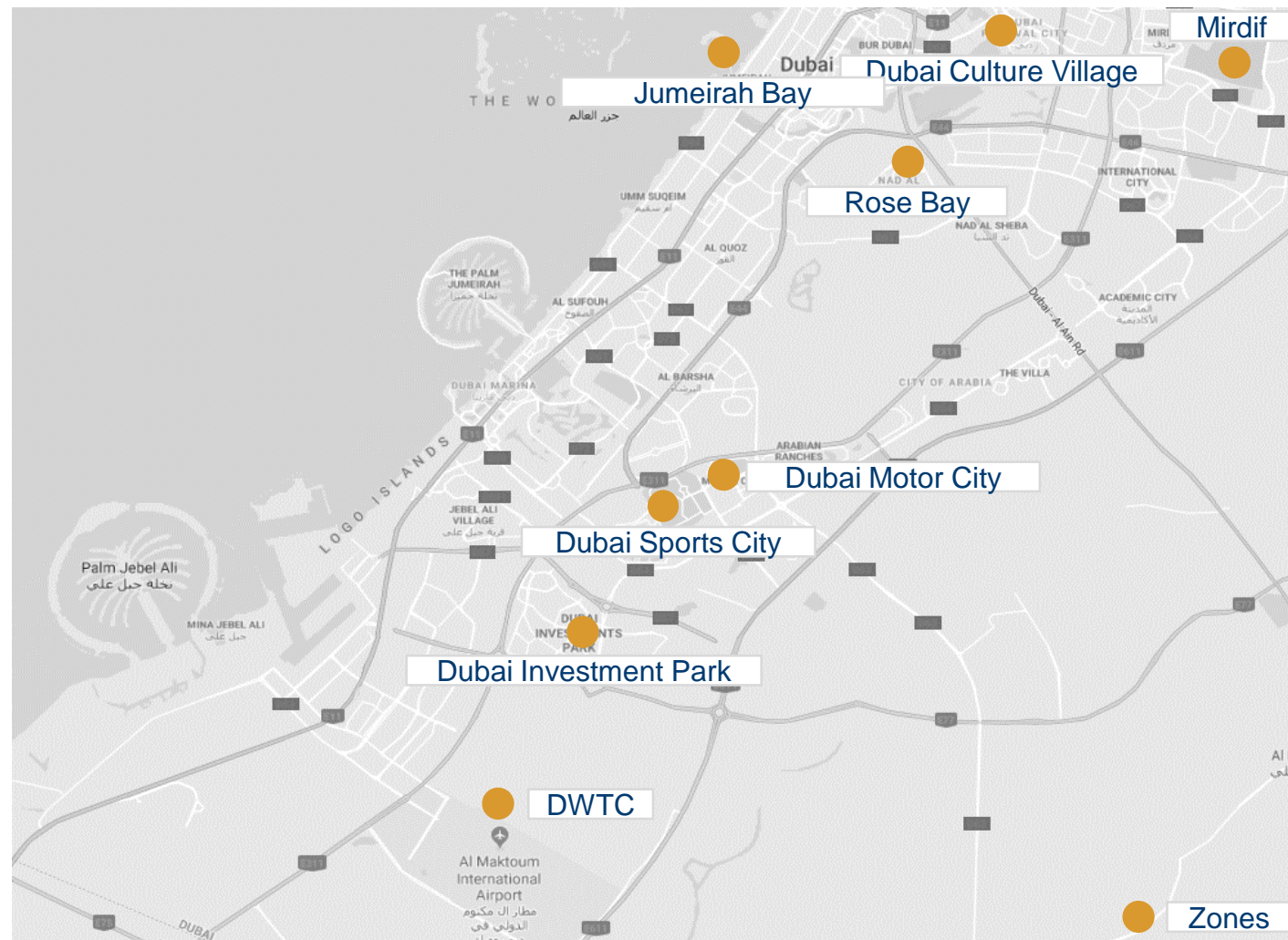
~20,000

EMPLOYEES

~250

ZONES

~8



# Glass LLC – The Glass Pioneer in the Middle East

ESTABLISHED

1998

FACILITY

~60,000

Sqm.

PRODUCTION

~1.4 Mn

Sqm .Annually

EXPORTS

~20

Countries

## Subsidiaries



## Key Projects (UAE & Global)



Dubai Airport T3  
(UAE)



Fairmont Hotel  
(UAE)



Index Tower  
(UAE)



Al Ain Stadium  
(UAE)



Nanyang  
University  
(Singapore)



Lyons  
(Australia)



Langham Palace  
(Hong Kong)



Novotel  
(India)



## Investor Relations Contacts and Awards

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# Investor Relations Contact



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# Key Financial Events and Awards



AI Mal Capital PSC voted 'UAE Asset Manager of the Year' at MENA Fund Manager Awards



Emicool and Total Solar Distributed Generation Inaugurate Solar System at DIP Facility in Dubai



Dubai Investments won the "Impact of Investment Top Choice" at Arab Investor Award



Dubai Investments Real Estate Wins Global Infrastructure Congress Recognition Award



Emirates Float Glass won the Industrial Development Bureau Award



Dubai Investments and Beit Al Khair Create Guinness World Records for most meals delivered in less than three hours

# Disclaimer – Forward Looking Statements

This presentation has been prepared solely for informational purposes. The presentation may contain forward looking statements, which reflect our beliefs or current expectations and assumptions regarding the future of the business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward looking statements are neither historical facts nor assurances of future performance and can generally be identified by terminology including "anticipate", "aspire", "believe", "estimate", "expect", "forecast", "project", "outlook", "guidance", "strategy", "target", "trend", "future", "likely", "may", "should", "will", "intend", "plan", "goal", "objective", "seek", "roadmap", and other words of similar meaning or similar expressions.

By their nature, forward looking information and statements are subject to known and unknown uncertainties, risks and changes in circumstances that are difficult to predict and not in our control. Our actual results of operational and financial conditions may differ materially from that or those indicated in the forward looking statements. You should not place undue reliance on any of these forward looking statements.

Important factors that could cause our actual results of operational and financial conditions to differ materially from those indicated in the forward looking statements include, among others: our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by the regulators.

Any forward looking statement made by the Company in the presentation is based only on information currently available to us and speaks only as to the date on which this presentation is made. Past performance is not a reliable indication of future performance. We make no representations or warranties as to the accuracy, or completeness of the information and shall not have any liability for any representations, express or implied, regarding the information contained in, or for any omissions from, the information included in this presentation. We undertake no obligation to publicly update any forward looking statement whether as a result of new information, future developments or otherwise. The information contained in the presentation is prepared to assist prospective investors in making their own evaluation of information about the Company.