

Q1 2018: Earnings Presentation

May 2018



Principal Investments

Asset Management

Q1 2018 Highlights

- Q1 2018 net profit of AED 107 million compared to AED 88 million in Q1 2017, driven by Income from funds AED 117 million
- **QTD Return on Average Equity** of 3.2% compared to 2.4% in the corresponding period of 2017
- Total investments of AED 110 million into Capital market funds
- Total disposals of AED 324 million (Aercap and NPS Holdings Limited) and dividend from AAH AED 93 million
- Balance sheet of AED 11.5 billion in total assets, an increase of 1.6% over total assets of AED 11.4 billion as at Dec 31, 2017



الواعة كابيتال
WAHA CAPITAL

Q1 2018

Financial Highlights

Q1 2018 Financial Highlights

- Net profit of AED 107.4 million, compared to AED 87.6 million in Q1 2017
- EPS of AED 0.06 compared to AED 0.05 in Q1 2017
- Assets of AED 11.5 billion as at 31 March 2018 vs. AED 11.4 billion as at 31 December 2017, an increase of 1.6%
- QTD RoAE stood at 3.2% vs 2.4% in Q1 2017
- **Investment and divestment activities in Q1 2018 include:**
 - AAH: Dividend of AED 92.9 million
 - Aercap: Net proceeds on sale of 3.77 million shares after settlement of collared debt on 3.97 million shares, resulted in cash inflow of AED 173.0 million
 - NPS: Partial sale proceeds of AED 150.8 million
- **Asset Management**
 - Assets under management as at 31 March 2018 AED 2.4 billion, compared to AED 2.1 billion as at 31 December 2017
 - Total investments of AED 110.3 million into Capital market funds

NET PROFIT

AED 107m

▲ 23% vs. Q1 2017

TOTAL AUM

AED 2.4bn

▲ 14% from Dec 2017

TOTAL ASSETS

AED 11.5bn

▲ 2% from Dec 2017

Q1 2018 Financial Highlights

TOTAL INCOME

▲ **19%**

vs. Q1 2017

TOTAL EXPENSES

▼ **5%**

vs. Q1 2017

NET PROFIT

▲ **23%**

vs. Q1 2017

AED MILLIONS	Q1 2018	Q1 2017
Total Income	316	266
Expenses - Parent	(53)	(59)
Expenses - Subsidiaries	(107)	(109)
Non Controlling interest	(49)	(10)
Net Profit attributable to shareholders	107	88
Equity attributable to shareholders	3,307	3,311

KEY PERFORMANCE INDICATORS

Earnings per Share (in AED)	0.06	0.05
3-month RoAE	3.2%	2.4%

Q1 2018 Financial Highlights

TOTAL ASSETS

AED **11.5**bn

MARKET CAP⁽¹⁾

AED **3.5**bn

DEBT

AED **6.5**bn

CASH

AED **605**mn

AED MILLIONS	31 MAR 2018	31 DEC 2017
Cash	605	520
Investments in equity-accounted investees & Assets held for sale	4,900	5,540
Investment Property	763	759
Other Investments ⁽²⁾	4,336	3,818
Other Assets	930	717
Total Assets	11,534	11,354
Borrowings	6,507	6,584
Other Liabilities	879	600
Equity	4,148	4,170
<i>RoAA (Annualized)</i>	<i>3.8%</i>	<i>4.0%</i>

1. Based on share price as at 29 APR 2018

2. Include Financial investments, Loan investments and Finance leases

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WAHA CAPITAL

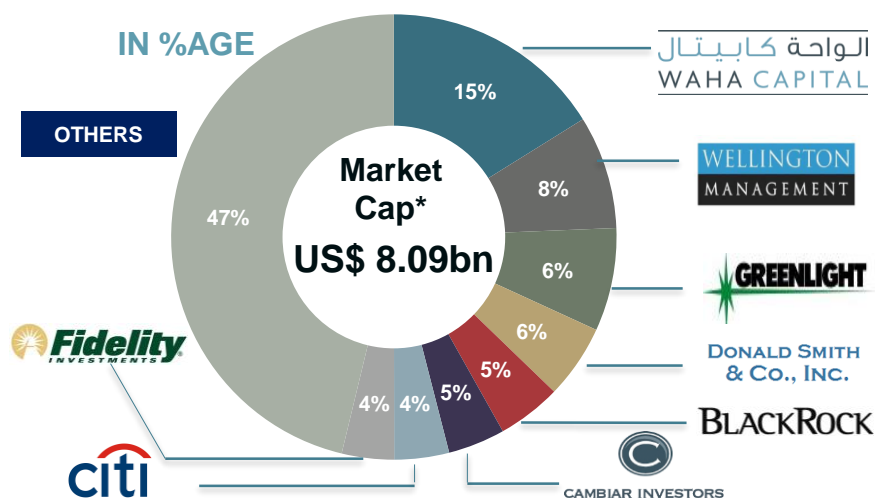
Q1 2018

Business Highlights

Q1 2018 Business Highlights

Principal Investments - AerCap

- During the period, the Group disposed 3.77 million shares equivalent to 2.47% stake in AerCap for a consideration of AED 722.1 million, resulting in the recognition of gain on disposal of AED 25.0 million. Consequently, the Group's stake in AerCap reduced from 17.55% to 15.08%. Further, during the period, AerCap carried out a share buyback program, which the Group did not participate in. Consequently, the Group's beneficial ownership increased from 15.08% to 15.68%.
- Waha Capital is currently the largest beneficial shareholder in AerCap, retaining 2 board seats and representation on various Board Sub-Committees
- During Q1 2018, the Group recorded an impairment of AED 61.8 million against the share of income from its investment in AerCap of AED 151.6 million
- For the period ended 31 March 2018, AerCap has contributed 36% of the Group's total income and its carrying value of AED 4,322.4 million represents 37% of the Group's total assets.



Q1 2018 KEY HIGHLIGHTS

- Net income of \$265.4 million, compared with \$261.2 million for the same period in 2017. Diluted earnings per share of \$1.72, compared with \$1.48 for the same period in 2017.
- 98.3% fleet utilization rate for Q1 2018
- Closed on \$2.9 billion of debt financing, including \$1.15 billion senior unsecured notes offering.
- \$ 10.8 billion of available liquidity
- Adjusted debt/equity ratio of 2.8 to 1
- Book value per share of \$ 59.60 an increase of 16% compared to Q1 2017.
- Repurchased 5.9 million shares in Q1 2018 for \$ 305 million
- New \$ 200 million share repurchase program authorized, which will run through September 2018
- Proceeds from the sale or disposal of assets amounted to \$ 598.2 million, compared to \$ 400.6 million in 2017
- Gain on disposal of \$ 89.3 million, compared to \$ 47.3 million in 2017
- 114 aircraft transactions executed, as follows:
 - ✓ Signed lease agreements for 83 aircraft
 - ✓ Purchased 7 aircraft
 - ✓ Executed sale transactions for 24 aircraft.
- The average age of owned fleet was 6.8 years and the average remaining contracted lease term was 6.9 years
- Portfolio consisted of 1,519 aircraft that were owned, on order or managed

USD mn	Q1 2018	Q1 2017	Variance
Total Revenue	1,219	1,237	-1.5%
Total Expenses	(918)	(940)	-2.3%
Net Profit	265	261	1.5%
Assets	42,494	41,443	2.5%
Debt	28,890	27,521	5.0%
Equity	8,593	8,520	0.9%
RoAE (annualized)	12%	12%	
RoAA (annualized)	3%	3%	

Q1 2018 Business Highlights

Principal Investments – Dunia Finance

NET INTEREST INCOME

▼ **2.3%**

vs. Q1 2017

DEPOSITS

▼ **3.7%**

vs Q1 2017

NET LOAN BOOK

▲ **3.6%**

vs. Q1 2017

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. 300,500+ customers
- Loan book grew at a 31% CAGR over the 2009– Q1 2018
- Customer deposits were at AED 1.24 billion as at 31 March 2018
- Non-performing loan cover was maintained at similar levels of 1.0x as of 31 March 2018, compared to 1.0x as of 31 March 2017
- Healthy liquidity position with bank facilities at AED 415 million and bank placements & cash equivalents of AED 159 million
- Carrying value of AED 154.0 million as at 31 March 2018

Q1 2018 KEY HIGHLIGHTS ⁽¹⁾

AED mn	Q1 2018	Q1 2017	Variance
Net Interest Income	125	128	-2.3%
Net Loan Book	1,966	1,898	3.6%
Total Assets	2,204	2,252	-2.1%
Deposits	1,235	1,282	-3.7%
Debt	263	168	56.5%
Equity	590	673	-12.3%

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

Q1 2018 Business Highlights

Principal Investments – NPS Holdings Limited

TOTAL REVENUE

▲ 40%

vs. Q1 2017

CONTRACTS IN PROGRESS

AED 2.1bn

As at 31 Mar 2018

TOTAL ASSETS

IN LINE

vs. FY 2017

OVERVIEW

- Regional leading provider of oilfield services
- 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
- 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 management shares.
- On 12 November 2017, the Group agreed to sell the entire investment to a private group based in Saudi Arabia and a NASDAQ-listed entity, National Energy Services Reunited Corp. (NESR), in two stages. The first stage was completed in Q4 2017, whereas the second stage is expected to complete during 2018.
- The Group's carrying value of NPS Holdings Limited was AED 219.5 million as at 31 March 2018.

Q1 2018 KEY HIGHLIGHTS

- Secured & extended contracts worth AED 67.2 million (31 March 2017: AED 105.9 million), taking current contracts-in-progress to AED 2,061.1 million (31 March 2017: AED 2,280.7 million)
- Invested AED 24.0 million in capital expenditure (31 March 2017: AED 15.0 million);
- Available banking facilities with regional banks for a limit of AED 917.5 million bearing a competitive interest. The undrawn balance of the facility was AED 174.5 million as at 31 March 2018 (31 March 2017: AED 176.9 million);
- Reported revenue of AED 282.01 million (31 March 2017: AED 200.9 million); and
- Reported a gross book value of property, plant and equipment as at 31 March 2018 of AED 1,760.1 million (31 March 2017: AED 1,606.8 million).

Q1 2018 Business Highlights

Principal Investments – Waha Land

NET REVENUE

▼ **11%**

vs. Q1 2017

NET PROFIT

▼ **84%**

vs. Q1 2017

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)
- Completed the development of additional SIUs (Stage 2a; 92,500 sqm); approval received and leasing commenced
- The carrying value of investment property was AED 763.5 million as at 31 March 2018.

Q1 2018 KEY HIGHLIGHTS

- The construction of Stage 2a is completed (92,500 m² of SIUs), leasing process started end of April 2018
- Secured AED 426 million of funding for Stage 2 with a local bank
- Rental revenue and other income of AED 8.0 million (31 March 2017: AED 9.0 million);
- Cumulative development cost of AED 181.1 million (31 December 2017: AED 176.3 million) incurred for the construction of Stage 2a;
- Net profit of AED 0.9 million (31 March 2017: AED 5.6 million).

AED mn	Q1 2018	Q1 2017	Variance
Net Revenue	8.0	9.0	-11.1%
Operating profit	0.9	5.6	-83.9%
Investment Property	764	739	
Carrying value	689	727	

Q1 2018 Business Highlights

Principal Investments – Channel VAS Investments Limited

NET REVENUE

AED 42mn

Q1 2018

DIVIDEND

AED 9.2mn

Q1 2018

CONFIRMED SUBSCRIBERS

+500mn

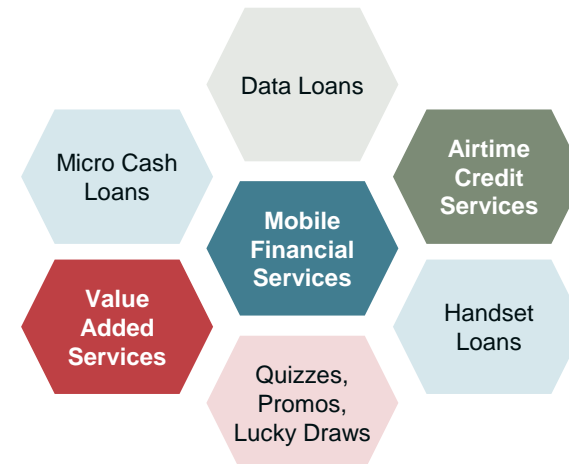
OVERVIEW

- In September 2017, Waha Capital acquired a 19.41% stake in Dubai-based fintech firm Channel VAS at a consideration of AED 194.6 million. Incorporated in 2012, Channel VAS is a premium fintech provider of financial services for mobile operators, offering a wide range of digital and mobile financial services, as well as content and marketing solutions. Company offerings include Airtime Credit Services, Mobile Financial Services, Handset Loans, Value Added Services, Micro Cash Loans, Data Loans, etc.
- The company is present in over 25 countries and grown rapidly to provide over USD 1 billion loans in the fiscal year 2017. Channel VAS currently has access to over 500 million mobile subscribers, who utilize the company's credit services. The company sees high potential for growth in what is currently a US \$20 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 finance loans.
- Selected list of customers include MTN, Vodacom, Lyca Mobile, Reliance, Millicom, M-Cel, BSNL, DJEZZY, Umniah, Mobily, Mobilink, etc.
- The carrying value of Channel VAS was AED 188.7 million as at 31 March 2018

Q1 2018 KEY HIGHLIGHTS

- Revenue of AED 42.4 million, compared to AED 41.2 million in the corresponding period 2017
- Paid a dividend of AED 9.2 million in Q1 2018

SERVICES OFFERING



Q1 2018 Business Highlights

Asset Management – Funds

CEEMEA FIXED INCOME RETURN

▲ **4.1%**

Q1 2018

CEEMEA FIXED INCOME RETURN

▲ **132.7%**

Since inception Jan 2012

MENA EQUITY RETURN

▲ **10.8%**

Q1 2018

MENA EQUITY RETURN

▲ **124.2%**

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

Q1 2018 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 35.2% since inception and 6.9% in Q1 2018

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

- Private Equity portfolio includes investment in 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

Q1 2018 Business Highlights

Asset Management – Private Equity – Anglo Arabian Healthcare

TOTAL REVENUE

▼ **15%**

Vs. Q1 2017

TOTAL ASSETS

▼ **10%**

vs. Q1 2017

EQUITY

IN LINE

vs. Q1 2017

OVERVIEW

- UAE healthcare company, with an initial focus on hospitals, clinics, diagnostics, laboratories and pharmacies
- 29 healthcare assets in the Northern Emirates, Abu Dhabi and Dubai
 - Network of 19 clinics, 6 pharmacies, 2 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 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 236.8 million as of 31 March 2018

Q1 2018 KEY HIGHLIGHTS

- Consolidated revenue of AED 64.7 million, a 15.1% decrease on AED 76.2 million in the corresponding period in 2017;
- Prior year revenue includes AED 20.4 million from PHD, which was disposed of in Q4 2017
- Consolidated revenue is comprised of AED 13.8 million (2017: AED 31.3 million) from laboratory services, AED 40.6 million (2017: AED 35.8 million) from patient fees and AED 10.3 million (2017: AED 9.1 million) from sale of pharmaceuticals; and
- Shareholders' equity base attributable to owners of AED 254.9 million as at 31 March 2018 compared to AED 355.3 million as at 31 December 2017.

AED mn	Q1 2018	Q1 2017	Variance
Revenue	65	76	-15%
Expenses & NCI	(71)	(90)	21%
Net loss attributable to company	(6)	(14)	Not Meaningful
Total Assets	352	389	-10%
Total Liabilities	83	118	-30%
Total Equity	269	271	-1%

Summary & Outlook

- **Recalibration of performance across all segments** in Q1 2018, 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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