



# Earnings Call

Quarter ended 30 September  
2017

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16 November 2017

Jabal Omar

# Disclaimer

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## Cautionary Note Regarding Forward Looking Statements

Information set forth in this communication that involves number of risks and uncertainty. JODC cautions readers that any forward looking information is not a guarantee of future performance and actual results could differ materially from those contained in forward looking.



# Salient Features

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- During 2017, JODC has changed its year end from Hijri to Gregorian which started from 13 April 2017
- JODC converged to IFRS from SOCPA starting from 13 April 2017
- YTD period ended 30 September 2017 comprised of 5 months and 17 days
- Long-term lease of Marriot Hotel
- JODC has established three new subsidiaries
  1. **Shamikhat** (Investment and development)
  2. **Sahaat** (Retail Mall sector)
  3. **Warefaat** (Hospitality sector)
- Non-binding MOU signed
  1. Acquisition of Ummul Qurra
  2. Meras, UAE for cooperation for developing Real Estate sector
  3. Makkah Gate Company to develop residential site for Hotel employees



# Qualified Review Report

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- EY concluded qualified review conclusion based on the following:
  1. Assets earmarked for sale to Alinma Fund still presented in Asset Held for Sale (“HFS”)
  2. Depreciation for these assets were not recorded by SR 105 million because these assets were classified in HFS in January 2017
  3. EY wants to take a conservative position to reclassify assets to property and equipment
- JODC is of the opinion;
  1. The transaction is a sale and operating leaseback hence it requires more time to conclude keeping in view the holistic business approach while looking at the whole contract suite, we are reviewing the transaction with external auditor, legal firms and other independent accounting firms
  2. Thus it is premature at this point in time to take a conservative call



# JODC - Quarter ended 30 Sept 2017

## Highlights

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Revenue, Gross  
profit, EPS/**LPS**

SR 523 m,  
SR 213 m,  
**0.01**

Hotel Revenue,  
Gross profit,  
growth (%)

SR 371 m, (109%)  
SR 114 m (880%)

Retail Revenue,  
Gross profit,  
growth (%)

SR 51 m, (84%)  
SR 34 m (200%)

Sale of units  
Revenue, Gross  
profit, growth (%)

SR 101 m, (66%)  
SR 65 m (75%)

Net Cash Flow

SR 474 m  
Up 157%  
vs similar period  
last year

Current ratio

3.7  
**Down** 44% vs  
similar period last  
year

Retained Earnings

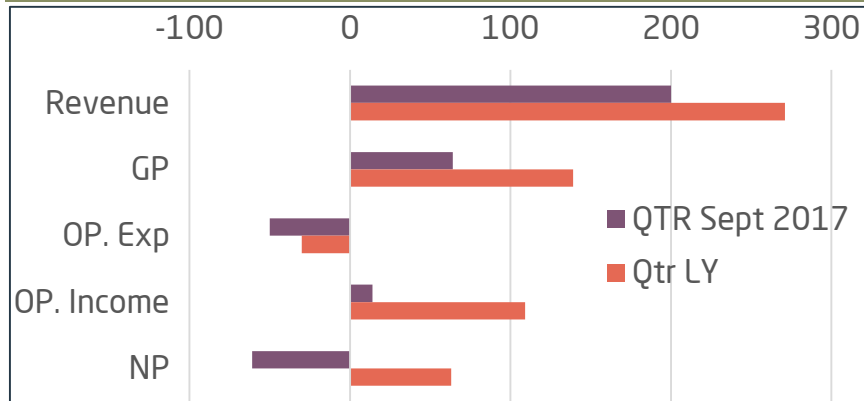
SAR 800 m  
**down** 1%  
vs similar period  
last year

Debt profile

Debt: SR 7.7 bn  
Equity: SR 10.1 bn

# Financial Highlights

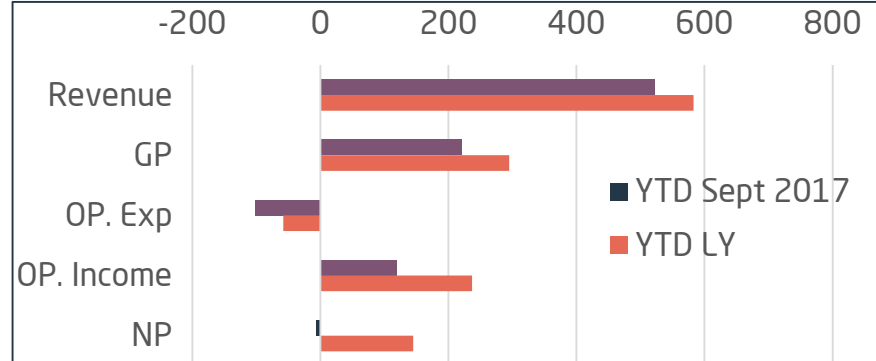
## Quarter



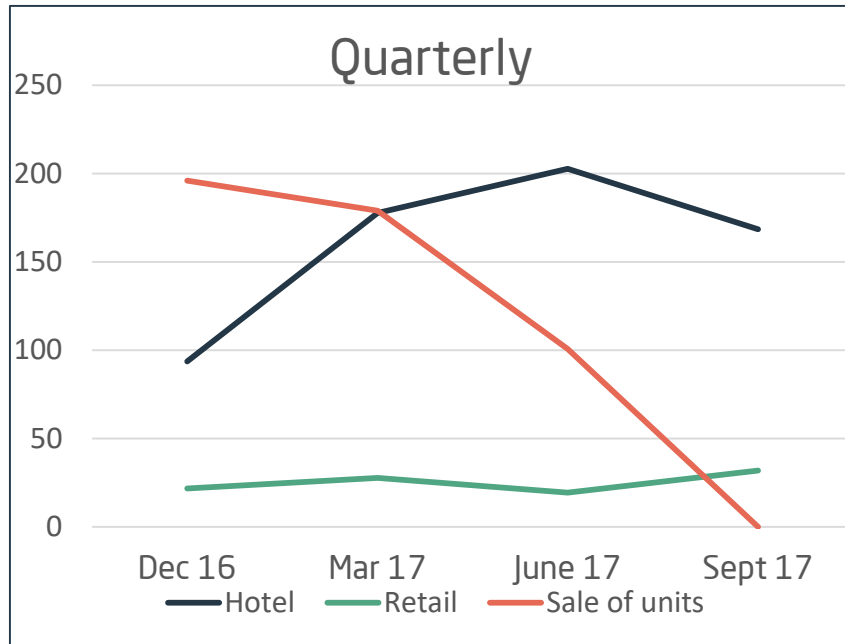
- ❑ Revenue decline by 26% due to no sale of units
- ❑ GP is at 32% vs 51% of LY
- ❑ Operating expenses increased by 67% due to increase in payroll cost
- ❑ Operating income 7% vs 40% LY
- ❑ Net loss of SR 61 m vs NP of SR 63 million LY

## Year To Date

- ❑ Revenue decline by 10% due to less sale of units
- ❑ GP is at 42% vs 51% of LY
- ❑ Operating expenses increased by 76% due to increase in payroll cost
- ❑ Operating income 23% vs 41% LY
- ❑ Net loss of SR 7 m vs NP of SR 145 million LY



# Revenue by Segment

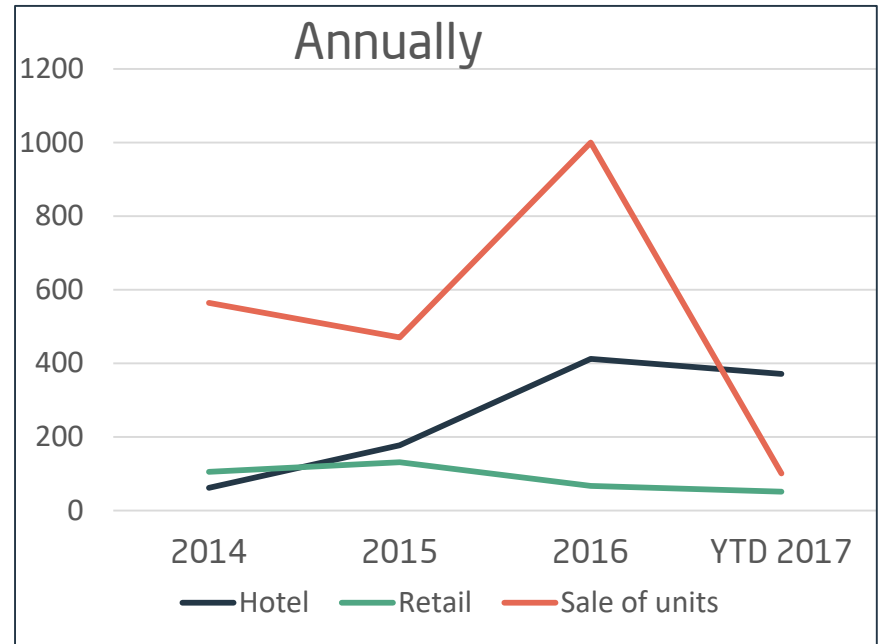


## ☐ CAGR

- Hotel - 22%
- Retail - 13%
- Sale of Units - (28%)

## ☐ Growth vs Last qtr

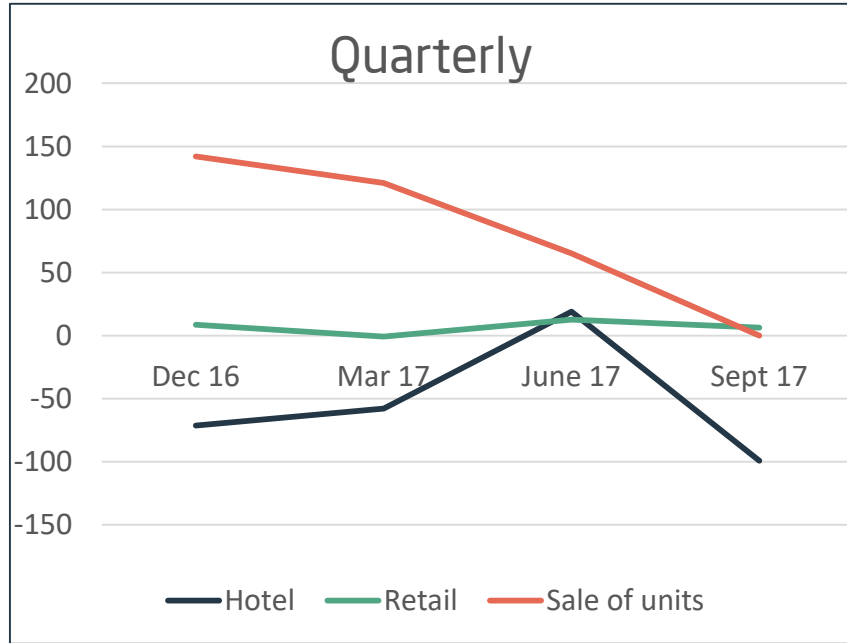
- Hotel - (17%)
- Retail - 65%
- Sale of Units - (100%)



## ☐ CAGR

- Hotel - 82%
- Retail - (21%)
- Sale of Units - (44%)

# Segment Profitability

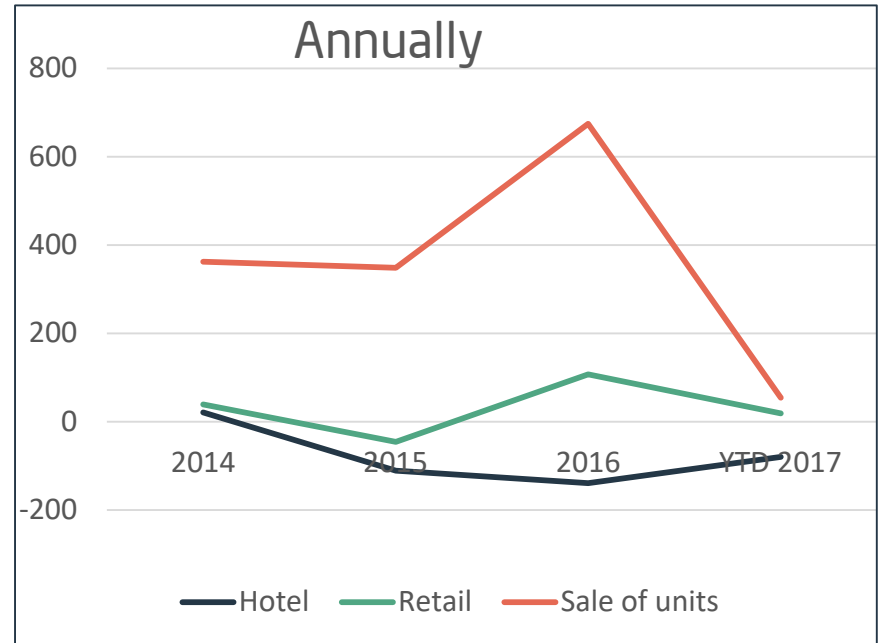


## ☐ CAGR

- Hotel - 12%
- Retail - (10%)
- Sale of Units - (32%)

## ☐ Growth vs Last qtr

- Hotel - (622%)
- Retail - (50%)
- Sale of Units - (100%)



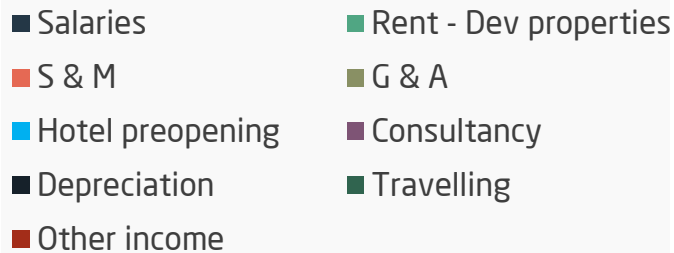
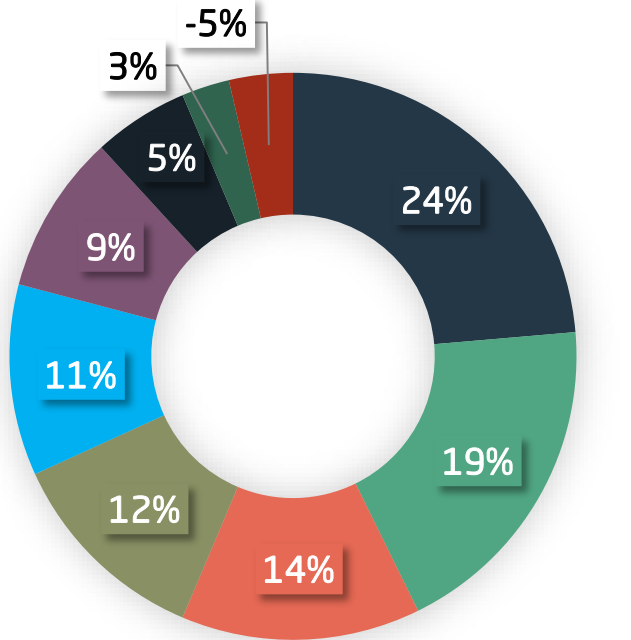
## ☐ CAGR

- Hotel - (256%)
- Retail - (21%)
- Sale of Units - (47%)



# Operating Expenses

YTD Sept 2017



SAR' million

## Operating expenses

YTD Sept 17    YTD March 17

Salaries	26	24
Rent - Dev properties	21	-
S & M	15	9
G & A	13	15
Hotel preopening	12	-
Consultancy	10	8
Depreciation	6	7
Travelling	3	2
Other income	(4)	(7)
	<b>102</b>	<b>58</b>

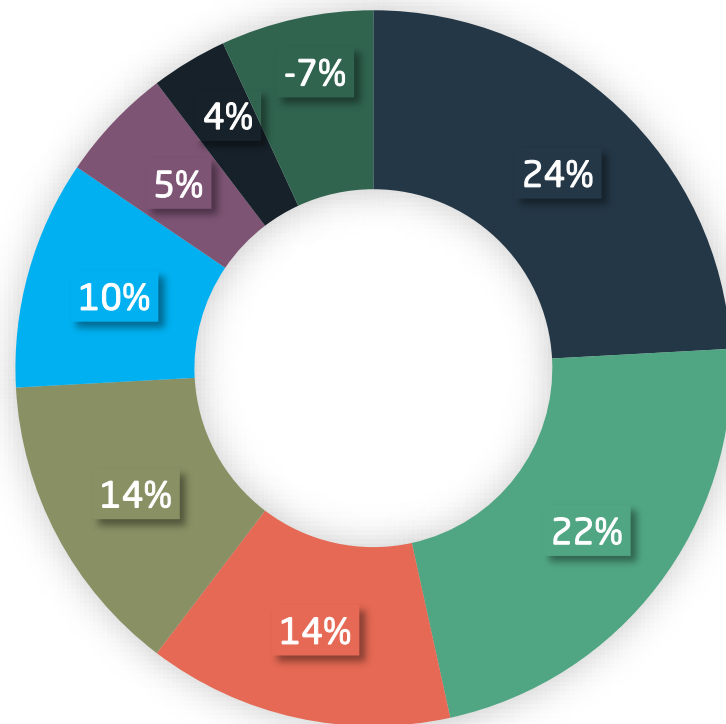
# Operating Expenses - Management

YTD	SAR' million	Increase/ (Decrease)	Organic Increase	Development Increase
Salaries		2	0	2
Rent - Dev properties		21	0	21
S & M		6	0	6
G & A		(2)	(2)	0
Hotel preopening		12	0	12
Consultancy		2	0	2
Depreciation		(1)	(1)	0
Travelling		1	0	1
Other income		(3)	(3)	0
Total		44	(6)	50

# Operating Expenses

QTR Sept 2017

SAR' million



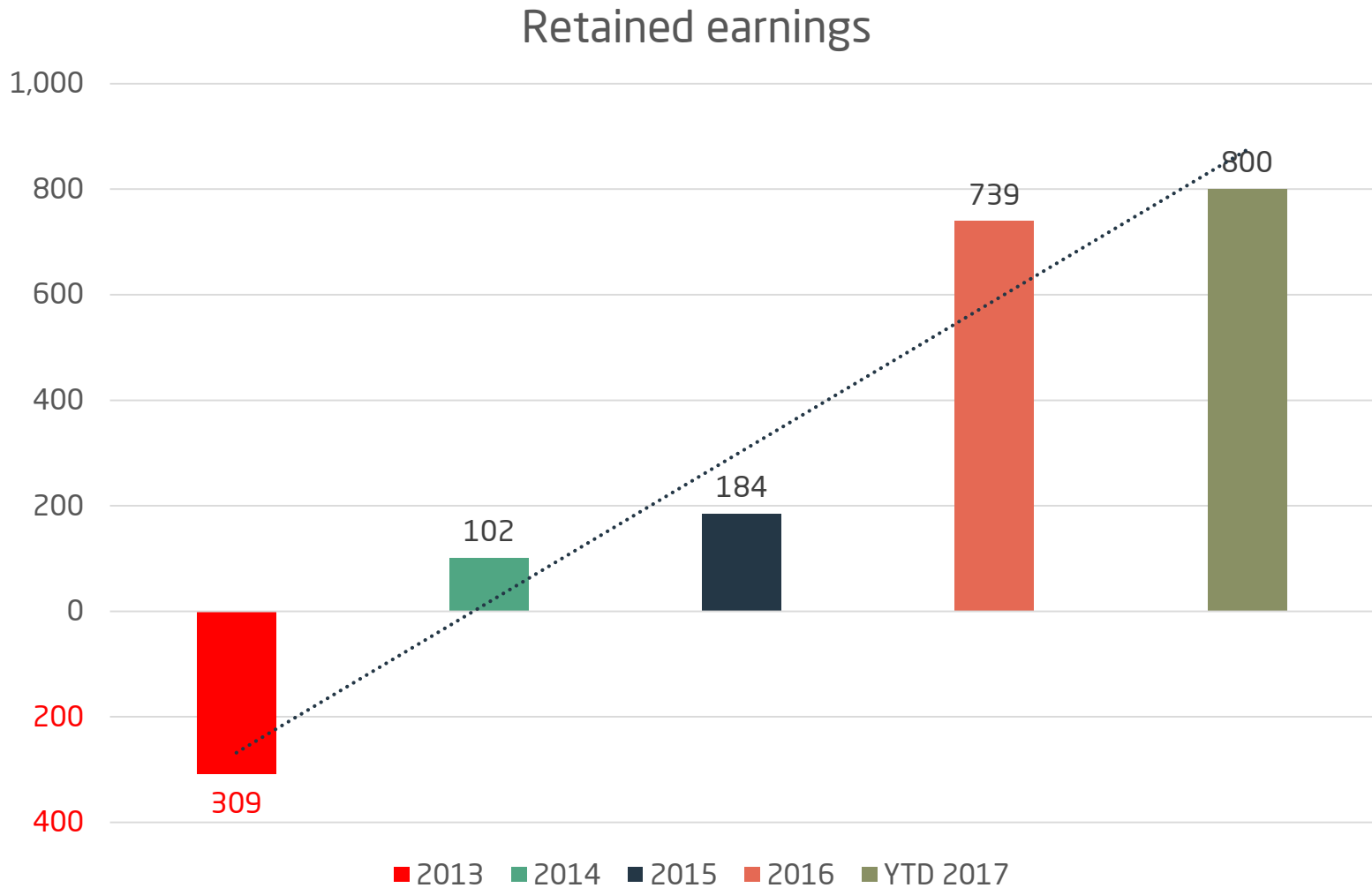
- Salaries
- S & M
- Consultancy
- Travelling
- Rent - Dev properties
- G & A
- Depreciation
- Other income

Salaries  
 Rent - Dev properties  
 S & M  
 G & A  
 Consultancy  
 Depreciation  
 Travelling  
 Other income

Operating expenses		
	Qtr Sept 17	Qtr March 17
Salaries	14	12
Rent - Dev properties	13	-
S & M	8	4
G & A	8	4
Consultancy	6	6
Depreciation	3	3
Travelling	2	2
Other income	(4)	(1)
	<b>50</b>	<b>30</b>

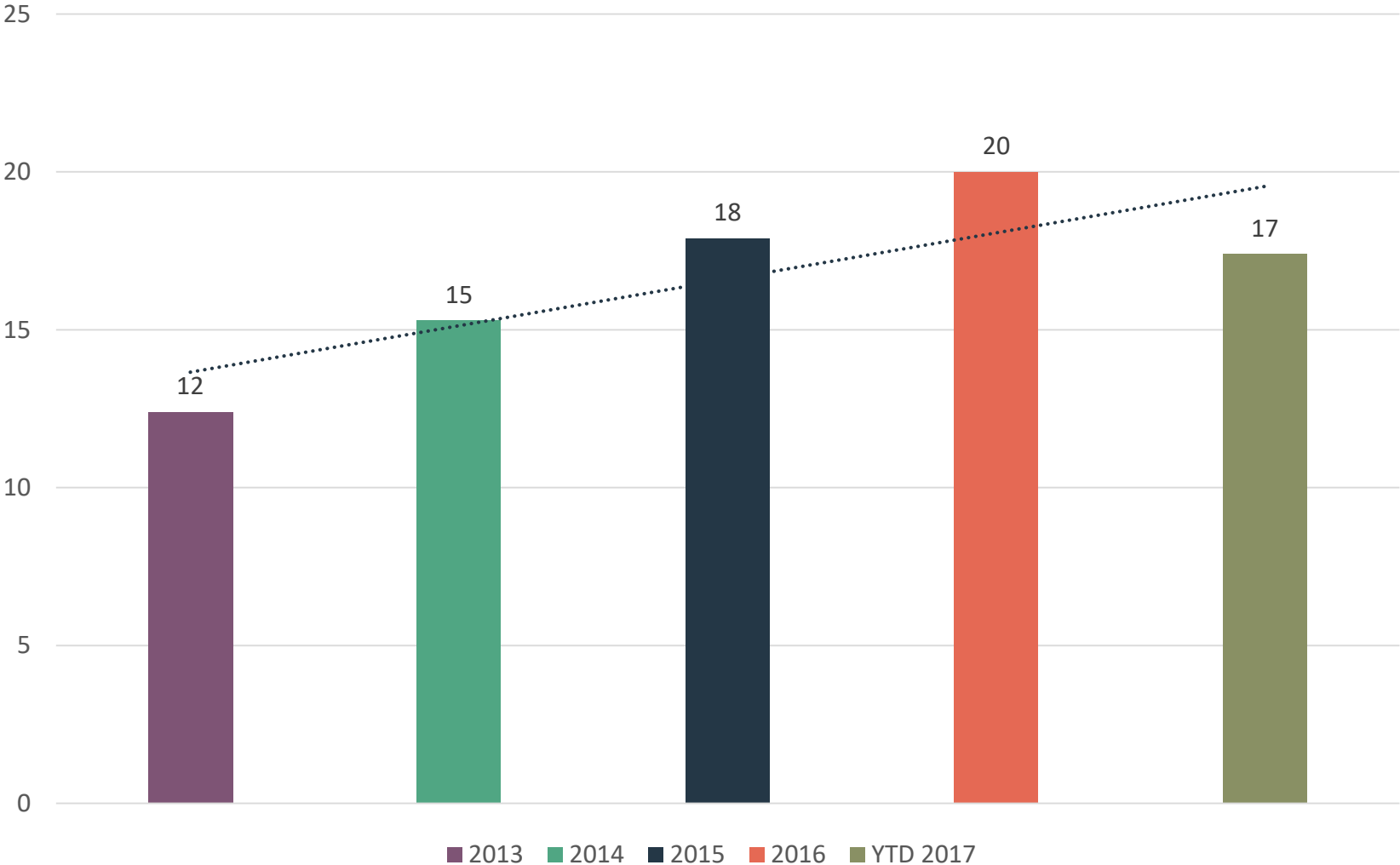
# Retained Earnings - Year on Year

SAR' million



# Property and Equipment - Year on Year

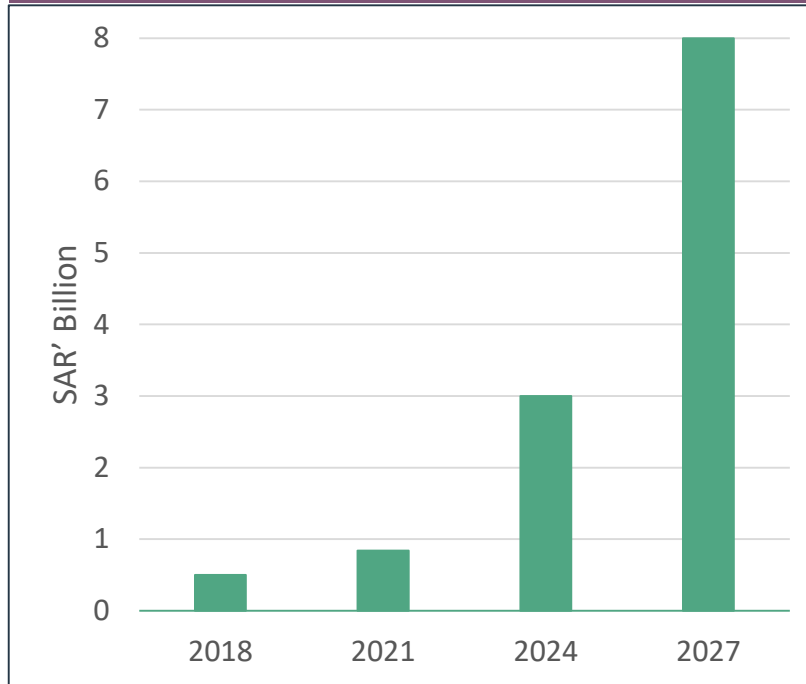
SAR' million



\*During 2017, SR 4.2 billion has been reclassified to Held for Sale and presented in current assets.

# Debt Overview

## Well Laddered Maturity



## Debt profile

SAR' million	Approved facility	As at Sept 2017	Maturity date
*NCB	4,000	--	Settled on 9th Nov
Syndicate 2 (SABB/SAMBA)	8,000	3,389	Sept 2027
MOF	3,000	3,000	Jan 2024
Al Bilad loan	842	842	Mar 2021
SABB Bridge	500	500	Feb 2018
<b>Total Debt</b>		<b>7,731</b>	
Less: Bank balance		(1,052)	
<b>Net Debt</b>		<b>6,679</b>	

## Leverage Ratio

Net Debt to EBIDTA = 40 X

Total Debt to EBIDTA = 46 X

Coverage ratio = 0.74

Net Debt to Equity = 0.65

Total Debt to Equity = 0.76



Thank You

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Jabal Omar