

**A net profit of KWD 6.84 million and 11.01 EPS in Q3 2016**

# **Al Mazaya Holding's operating income grows to KWD42.53 million**

**Al Soqabi: "The results reflect the prudent strategy and plan to achieve a sustainable growth"**

- **Revenues generated from sales increased by 7.86%**
- **Revenues generated from leasing activities grew by 15.98%**
- **Shareholders' equity amounted to KWD117.07 million in Q3, 2016**
- **Gross assets totaled to KWD 228.18 million in Q3, 2016**
- **Long term liabilities are 11.00% down by end of Q3, 2016**
- **Short term liabilities are 46.94% down by end of Q3, 2016**
- **Total liabilities are 29.00% own by end of Q3, 2016**

Al Mazaya Holding (K.S.C.P) announced its financial results for the third quarter of 2016.

The company achieved a net profit of KWD 6.84 million in the third quarter, compared to KWD 6.73 million in the corresponding period in 2015. Earnings per share reached KWD 11.01 fils, compared to KWD10.86 fils in the Q3 of 2015.

Speaking after the board meeting that was held recently in the presence of members of the board of directors, Eng. Ibrahim Al Soqabi, Group CEO of Al Mazaya Holding, said: "Al Mazaya Holding has achieved a new growth in its financial results in the third quarter of 2016, thanks to its remarkable performance and feasible achievements. The results are attributed to the success in meeting the well-formulated target for 2016. The company was able to follow the schedules precisely and efficiently, boosting the process of sale, lease and delivery and increasing the operating income by 9.15% to

KWD 42.53 million by the end of the Q3 of 2016. This is in comparison to KWD 38.97 million during the same period in 2015.”

He stressed that the big jump in revenues was due to strong marketing campaigns and the huge revenues generated from sales increased by 7.86% to KWD 36.92 million, compared to KWD 34.23 million in Q3 2015. Revenues generated from leasing activities grew by 15.98% to KWD 5.42 million, up from KWD 4.67 million in the corresponding period last year. Other revenues generated from project management activities were KWD197.12 thousands, a 193.94% up as compared to the KWD 67.06 thousands achieved in the same period last year.

Al Soqabi said: “The financial results are the outcome of the operation activities of Al Mazaya and its rental revenues from many projects such as Al Olia Tower, a project located in Riyadh, KSA and owned by one of Al Mazaya subsidiaries. Al Olia Tower is 70% occupied, and Al Mazaya has included it in its portfolio of income-generating projects. In addition, there is the 80% completed Al Mazaya Logistics in Bahrain. The company continued to generate high rental revenues from its 100% occupied projects such as Al Mazaya Towers, Clover Medical Tower and 85% in Al Maathar Towers and 96% in Sky Gardeners owned by one of Al Mazaya’s subsidiaries”.

#### **Financial results:**

With regard to the Al Mazaya’s financial results in the third quarter of 2016, Al Soqabi said: “Al Mazaya was able to maintain growth in its operational performance in the third quarter of 2016, achieving net profits in line with well formulated targets”.

Furthermore, he added that the gross assets totaled to KWD 228.18 million in Q3 2016, as compared to the KWD263.85 million achieved in the same period in 2015. The decrease in gross assets was due to the handover of Q-Point units, which were included in the income statement for the period ending September 30, 2016. Shareholders’ equity amounted to KWD117.07 million in Q3 2016, a 9.05% growth as compared to KWD107.36 million in Q3 2015.

He clarified that the total liabilities decreased to KWD 111.11 million, down by 29.00% as compared to the KWD156.50 million in 2016. He said that the long term liabilities have decreased by 11.00% from KWD 78.12 million to KWD 69.52 million, while the long term liabilities have decreased by 46.94% from KWD 78.38 million to KWD 41.58 million. He attributed this decrease mainly to the transfer of the advance payments received from customers to revenue after they received their residential units.

#### **Achievements over the 9 months:**

- Al Mazaya has increased its ownership stake in one of its affiliates in Turkey from 40% to 90%. The stake will be paid to the affiliate that owns Ritim Istanbul Project, through cash and in-kind on installments for an approximate sum of KWD 7.7 million. Thus, that entity has become a subsidiary of Al Mazaya Holding.
- Arqaam Capital maintained its “Buy” recommendation on Al Mazaya Holding share with a fair value of KWD160 Fils, 50 percent higher than its trading price at the time of the report. According to the report, the valuation was justified by the robust growth incentives of the company’s investments and the consecutive profits generated by the company’s operations.
- Al Mazaya Holding has been ranked among the Top 10 in the list of Arab companies, in terms of compliance with the corporate governance code. This recognition reflects the company’s commitment to comply with government guidelines and to take sophisticated approaches to risk management, internally and externally.
- Al Mazaya completed the licensing works on “Mazaya Residence”, the company’s residential development in Oman. Construction works will commence by the end of this month.
- The company got out of one of its investments in a Kuwait firm. The exit strategy was implemented by selling its stocks at KWD 2.481 million, making

a KWD 633.7 thousand profit. This amount was listed in the financial results of the third quarter of 2016.

- The company signed a KWD 26.82 million deal to sell some of its stakes in other subsidiaries. The step was aimed at settling the current account with one of its subsidiaries.
- Al Mazaya completed the studies to develop a plot of land for investment in Sharq area in Kuwait. The plot is situated in one of the most artery roads in the city, which is home to spectacular skyscrapers. Al Mazaya finalised the plan with the main elements of the project, which will be of triple-use.
- Al Mazaya has commenced construction works on its 17-storey medical facility in Sabah Al-Salem. The project is 43% completed and expected to be delivered by end of 2017.
- Al Mazaya made a completion rate of 95% on the first phase of Queue Line Residential project, which consists of 4 new buildings in Dubai Land in the Emirate of Dubai. Works are underway on the second phase of the project, which is expected to be delivered by the end of 2017.
- Al Mazaya Holding continued its extensive promotional campaigns to sell its Queue Point in Dubai, by participation in Cityscape 2016. The project is 85% sold out, a fact that had a positive impact on the operating revenue generated from sales in the company's financial results in the Q3 of 2016.
- Occupancy rate in Mazaya Logistics project in Bahrain Investment Wharf reached 80%. The project consists of industrial units serving logistic and investment services, alike.
- Al Mazaya boosted income generated from existing fully occupied projects by renewing lease contracts and increasing rates to reflect the current market prices and the quality services provided by the Property Management Department. This step helped increase the operating revenue generated from lease operations during the third quarter of 2016.

In conclusion, Al Soqabi noted that Al Mazaya is currently studying many investment opportunities in the local and international markets. The company regularly monitors the

rapid developments in the financial and international markets and the impacts on the region's real estate market to examine the impacts on its existing and underway projects, enabling the company to make informed decisions regarding its entry in new ventures. He underlined that the company's growth in these markets will entail many strategic partnerships and joint ventures with elite investors to achieve the highest returns that serve the interest of the company and investors alike.