

Al Mazaya Holding's Operating Revenue Jumps By 17.2 Per Cent To KWD 25.67 Million

Net profit of KWD 4.14 million and 6.66 fils EPS reported in H1-2016

Al Soqabi: "Steady growth in financial results are thanks to our comprehensive vision and prudent strategy which increased operating revenue to over 89.42 per cent of gross revenue."

- Revenues generated from sales increased by 16.7 per cent in H1-2016
- Revenues generated from leasing activities grew by 18.2 per cent
- EPS reached 6.66 fils, in H1-2016
- Shareholders' equity amounted to KWD 106.6 million, in H1-2016
- Total assets amounted to KWD 234 million, in H1-2016

Al Mazaya Holding (K.S.C.P) has announced its financial results for the first half of 2016, with the company reporting a net profit of KWD 4.14 million in the first half of 2016, compared to KWD 4.09 million in the corresponding period for 2015. Earnings Per Share (EPS) reached 6.66 fils, compared to 6.61 fils, in the first half of 2015.

Speaking after the recent meeting of the board of directors, Eng. Ibrahim Al Soqabi, Group CEO of Al Mazaya Holding, said:

"Al Mazaya Holding has achieved new heights with the results for the first half of 2016 proving that our prudent strategy, comprehensive vision and well-formulated targets are continuing to drive growth across all areas of the business."

"The company was able to follow the schedules precisely and efficiently, boosting the process of sales, leasing, delivery and increasing operating revenue by 17.2 per cent to KWD 25.67 million, by the end of H1-2016. This is in comparison to the KWD 21.9 million generated over the same period last year," Al Soqabi added.

Al Mazaya's Group CEO also credited the jump in revenues to strong marketing campaigns, with huge revenues generated from sales increasing by 16.7 per cent to KWD 21.9 million, as opposed to KWD 18.8 million, in H1-2015. Revenues generated from leasing activities grew by 18.2 per cent, to KWD 3.6 million, up from KWD 3.1 million, for the same period last year.

Commenting on the operational activities of Al Mazaya, Al Soqabi said that the significant increases noted in its rental revenues was due to the entry of Al Olia Tower (Riyadh, KSA) into its portfolio of income-generating projects, from Q4 2015.

Al Soqabi also added that the company continued to achieve high occupancy rates in its income-generating projects, such as the 95 per cent occupied Sky Gardens, in Dubai International Financial Centre (DIFC), almost 100 per cent occupied Al Mazaya Towers (all 3 buildings), Kuwait City, and almost 100 per cent occupied projects, across KSA and Dubai. The company has also achieved revenue increase from its portfolio of properties available for sale, such as the office space in Mazaya Business Avenue. In addition, the company sold and delivered a large number of residential units in Queue Point Dubai and Ritim Istanbul, in Turkey.

Financial results

With regard to the Al Mazaya's financial results for H1-2016, Al Soqabi said: "Al Mazaya continued to grow its operational performance in the first half of the year, achieving net profits in line with well formulated targets."

He added that assets totalled KWD 234 million – as compared to KWD 265 million achieved for the same period, in 2015, which has resulted from the handover of units in Qpoint project, which was included in the company's statement of income of H1-2016. Correspondingly, shareholders' equity amounted to KWD 106.6 million, in H1-2016, a 6.3 per cent growth compared to H1 2015.

Al Soqabi further clarified that the company's total short term liabilities decreased to KWD 119.7 million, in H1-2016, representing a 23.89 per cent fall over H1-2015 figures, attributing this decrease mainly due to the fact that company's loans are transferred to medium and long term liabilities as well as some liabilities had been transferred to revenue, with payments being received from customers after the delivery of their residential units.

“Al Mazaya's success in getting its bank facilities reflects its strong financial position compared to its peers. The company's liabilities-to-assets ratio is less than the required levels set for the Kuwaiti market. By structuring our facilities into medium and long-term maturities and managing financial costs, our periodic financial obligations have been cut,” Al Soqabi said.

H1-2016 Accomplishments

- The company exited one of its investments in a Kuwaiti company; the exit strategy was implemented by selling its stocks at KWD 2.481 million, making a KWD 633,700 profit. This amount was recognized in the financial results of the first half of 2016.
- The company signed a KWD26.82 million deal to sell its entire stake in the Kuwaiti Saudi Company for Real Estate Investment, in addition to 20 per cent of its stake in Al Mazaya Real Estate Development to one of its subsidiaries. This step was aimed at settling the current account with that subsidiary, and it had no material impact on the consolidated financial statements.
- Al Mazaya started to recognize returns from rentals of the commercial tower in Al Olia, Riyadh, KSA, which was acquired by the company through one of its KSA subsidiaries before the end of 2015.
- Al Mazaya completed studies to develop a plot of land for investment in Al Sharq, Kuwait. The plot of land was acquired through one of its subsidiaries (Al Mazaya Real Estate Development). An engineering consultant will now be appointed to commence the design and licensing works.
- Al Mazaya has continued construction work on its 17-storey medical facility in Sabah Al Salem. Contracting works have been awarded to a leading contractor. The project is 24 per cent completed and expected for delivery by the end of 2017.
- Al Mazaya had achieved construction progress of 71 per cent on the first phase of its Queue Line Residential project, which consists of four new buildings, in Dubai Land, Dubai. The project is progressing well and the delivery of this phase of the project is expected by the end of 2016.

- Al Mazaya has advanced the progress of its Ritim Istanbul development (a joint venture project with its Turkish partner- Dumankaya Real Estate). Over 80 per cent of the units were sold and handover of the project commenced at the beginning of June 2016.
- Al Mazaya continued its extensive promotional campaigns to sell Queue Point, in Dubai. The project is now 85 per cent sold, a fact that has had a positive impact on the operating revenue generated from sales in the company's financial results, for H1-2016.
- The occupancy rate in Mazaya Logistics project, located in Bahrain Investment Wharf, reached 85 per cent. The project consists of industrial units serving both logistic and investment services.
- Al Mazaya boosted income generated from fully occupied projects by renewing lease contracts and increasing rates to reflect the current market prices and the quality of services provided by the Property Management Department. This step helped increase the operating revenue generated from lease operations, during the first half of 2016.

In conclusion, Al Soqabi said that Al Mazaya is currently studying additional investment opportunities in the region and in international markets. The company regularly monitors the changing developments in the financial and international markets and the impact they have on the region's real estate sector. This, according to Al Soqabi, is to examine the effect on existing projects and those currently underway, as well as to enable informed decisions to be made regarding the company's entry into new ventures. He also underlined that the company's growth in these markets will involve many strategic partnerships and joint ventures with elite investors, so as to achieve the highest returns that serve the interests of the company and investors.