



**IDB**  
UNLOCKING POTENTIAL

**CRESUD & IRSA Investor Day**

**New York City – November 2<sup>nd</sup>, 2018**

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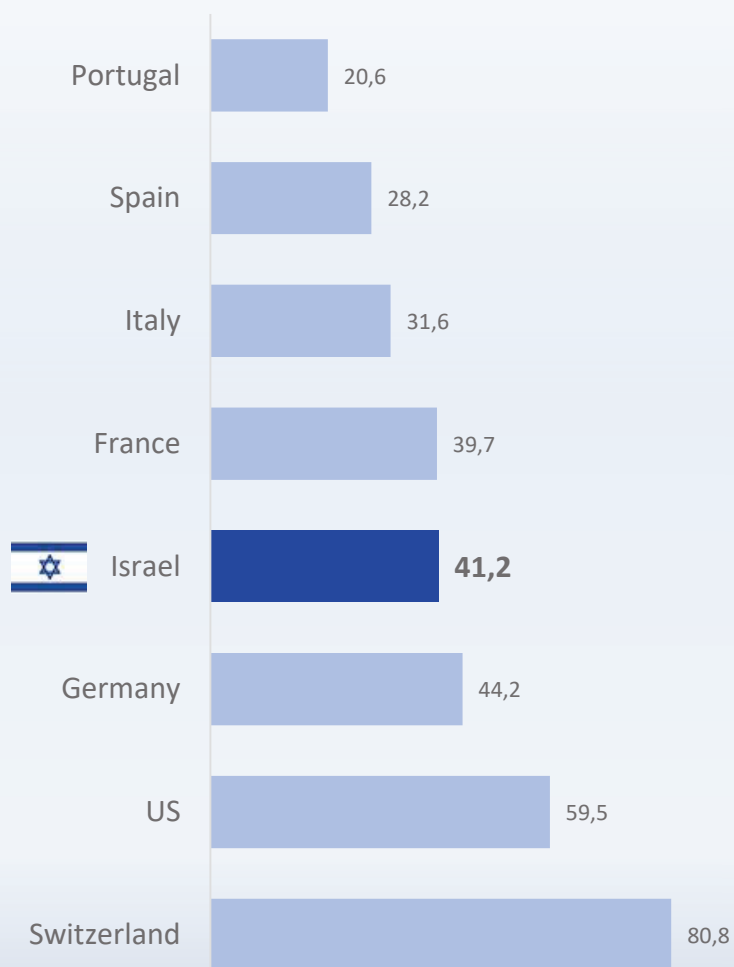


# Israel's Macro Economic Key Figures

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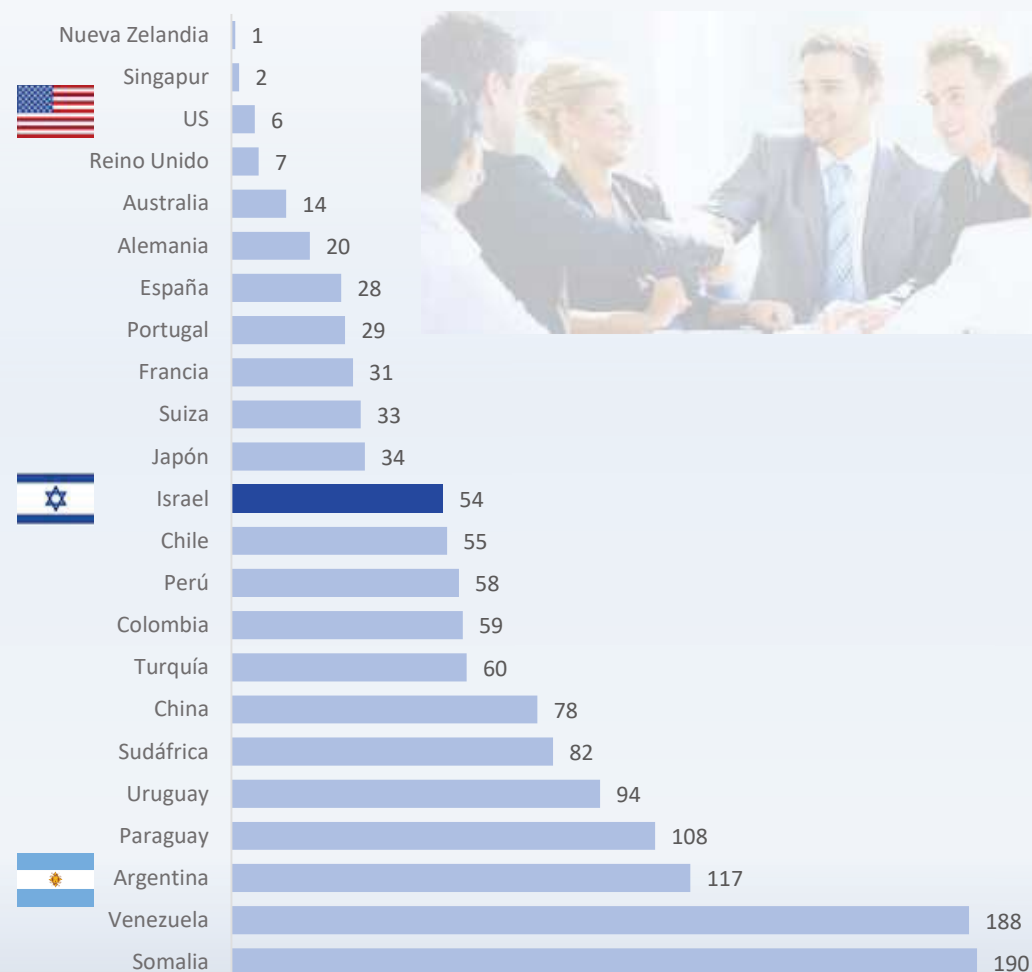
# Top country in terms of GDP/capita and Doing business Ranking

## GDP per-capita in 2017 (thousands of USD)



Source: IMF

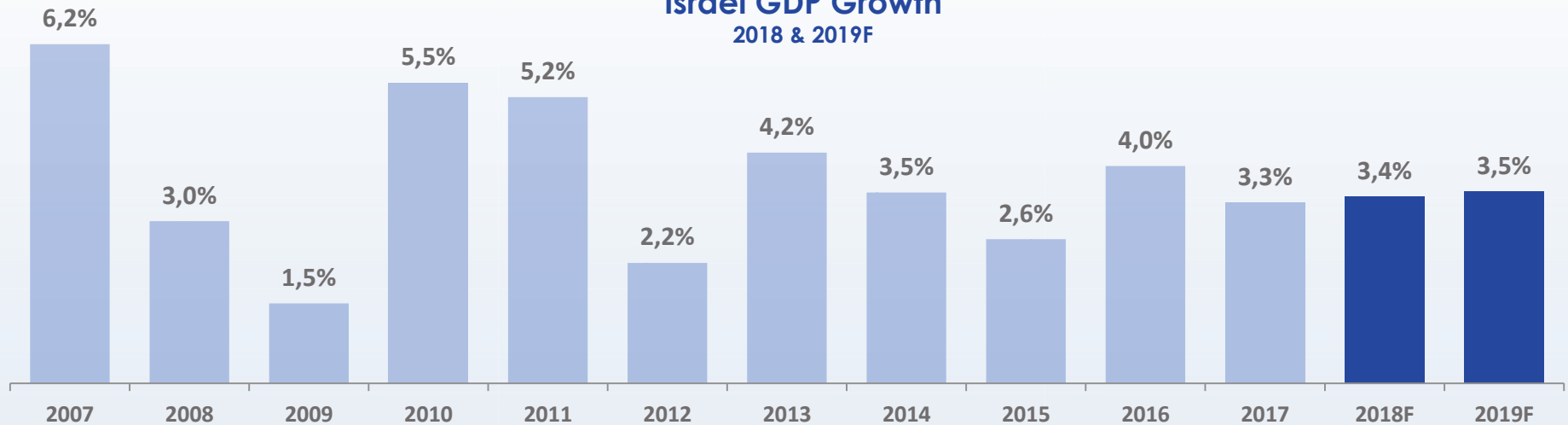
## Doing business Ranking index 2017 (1: Easy– 200: Difficult)



Source: Doing Business Ranking 2017 (World Bank)

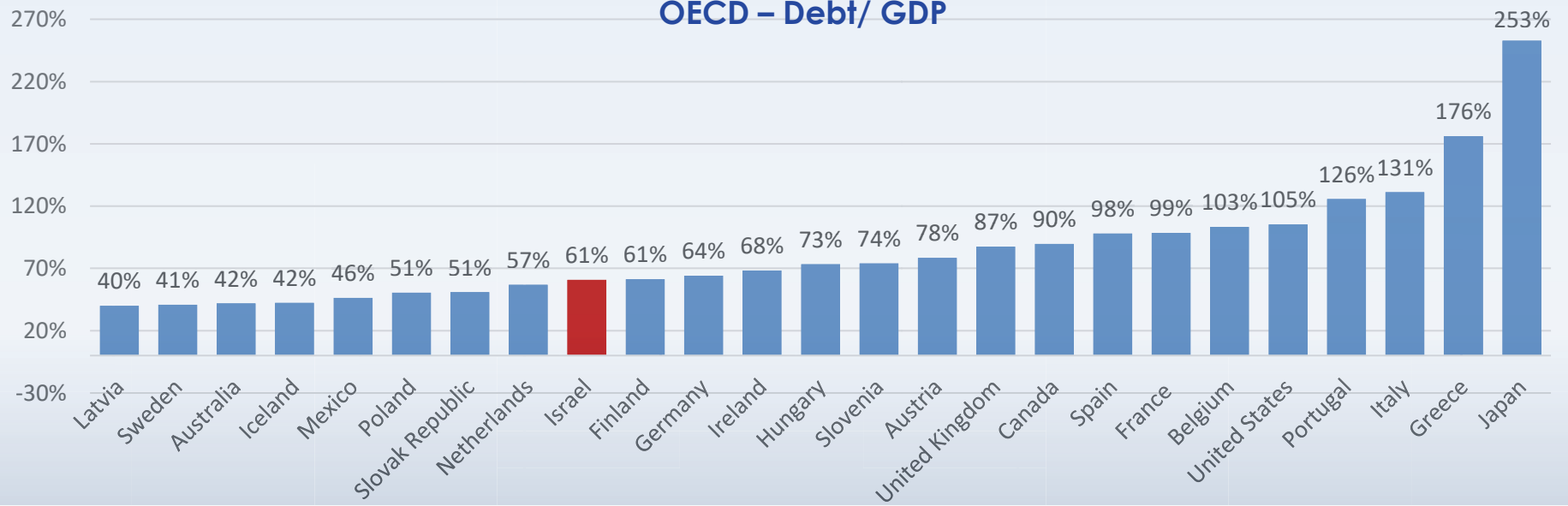
## Stable growth of the economy while keeping low leverage

**Israel GDP Growth**  
2018 & 2019F

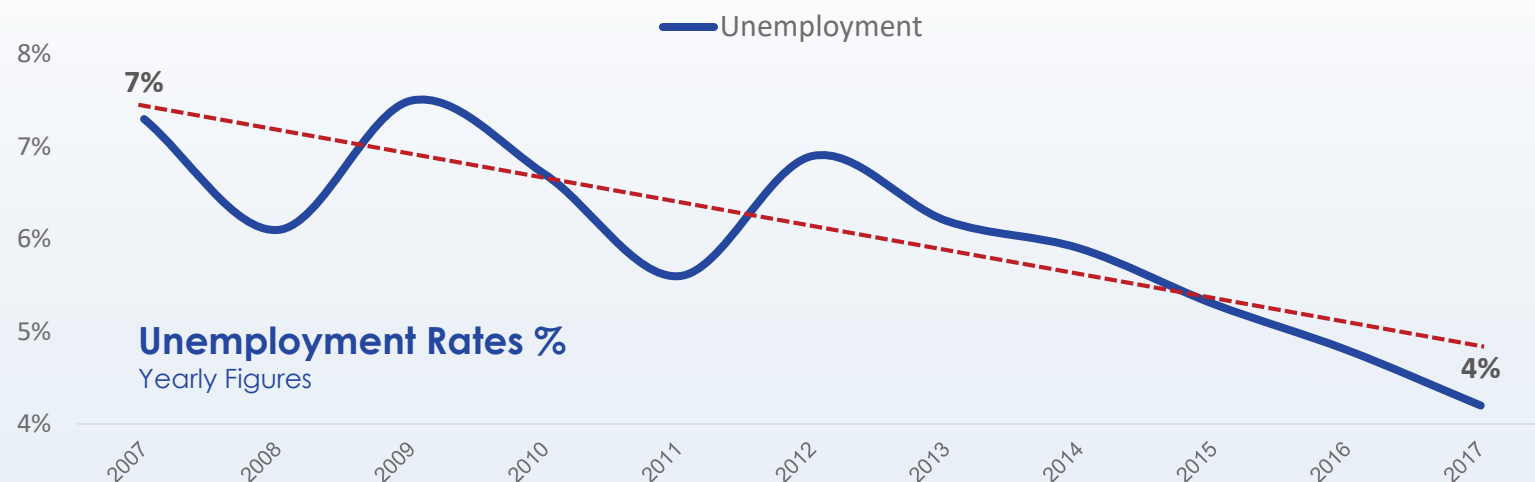


SOURCE: Bank of Israel

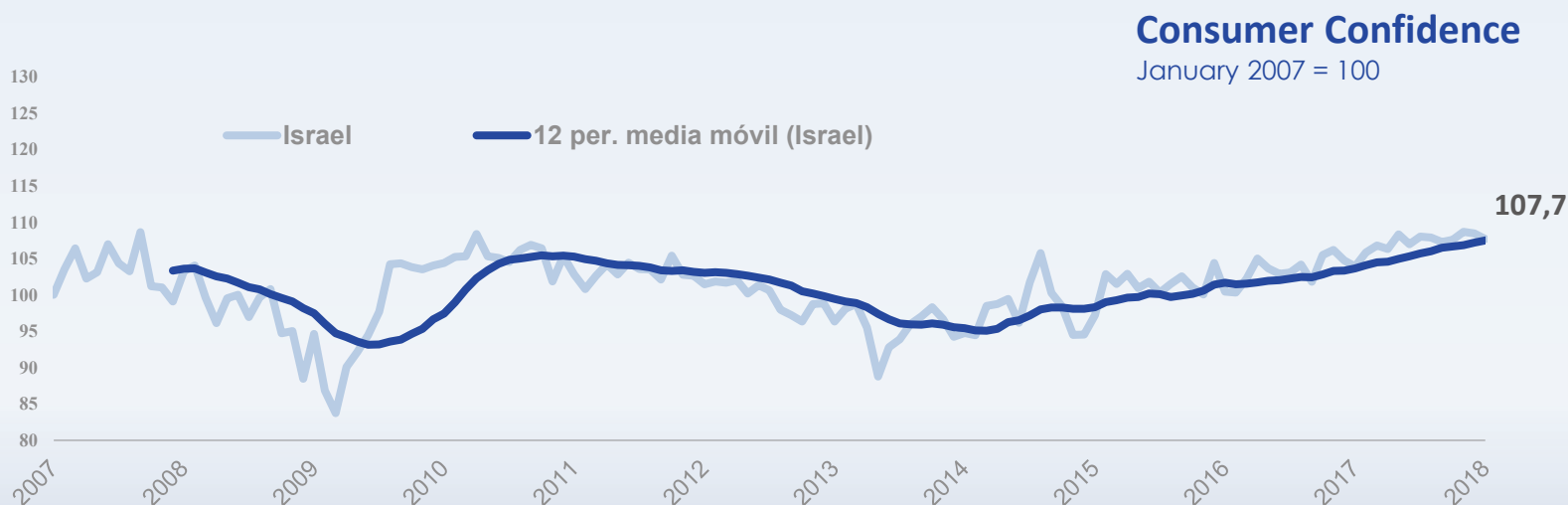
**OECD – Debt/ GDP**



## Stable growth of the economy, resilient consumers and low unemployment



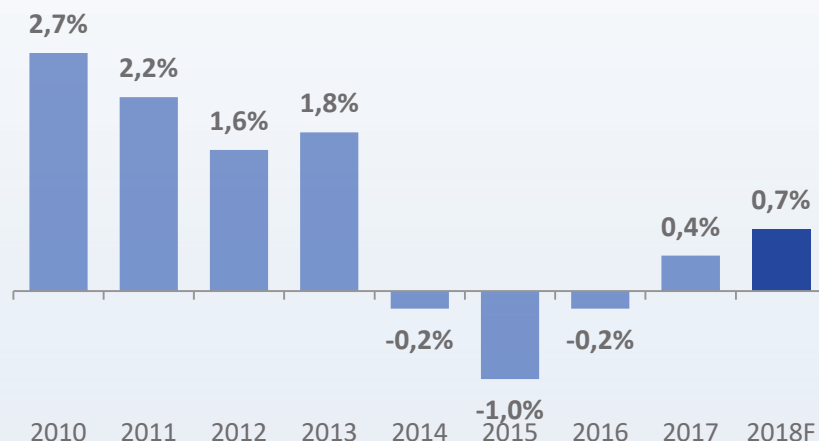
SOURCE: Bank of Israel



SOURCES: BNHP Economics Department, Bloomberg

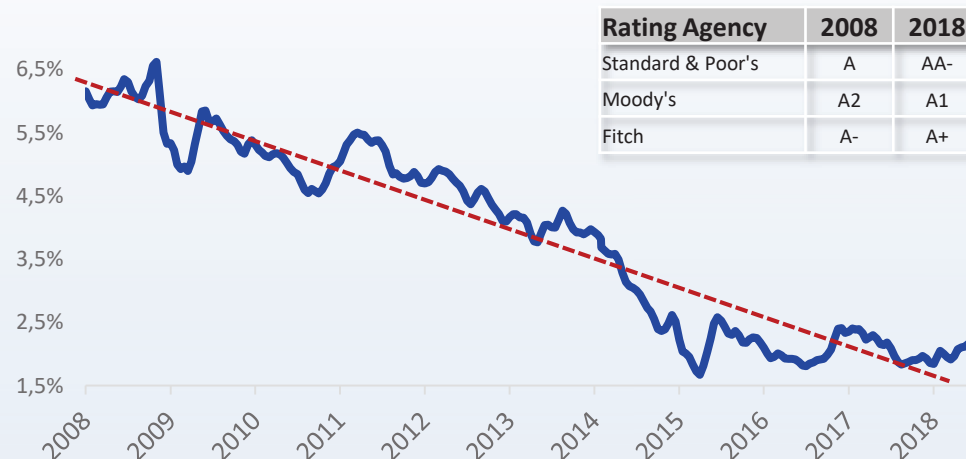
# Low inflation risks, real exchange appreciation and low cost of financing

## Annual CPI rate of change



SOURCE: CBS

## Israeli Bond Yields (10 Years)



SOURCE: Bank of Israel

## Exchange rate against the dollar



SOURCE: Bloomberg



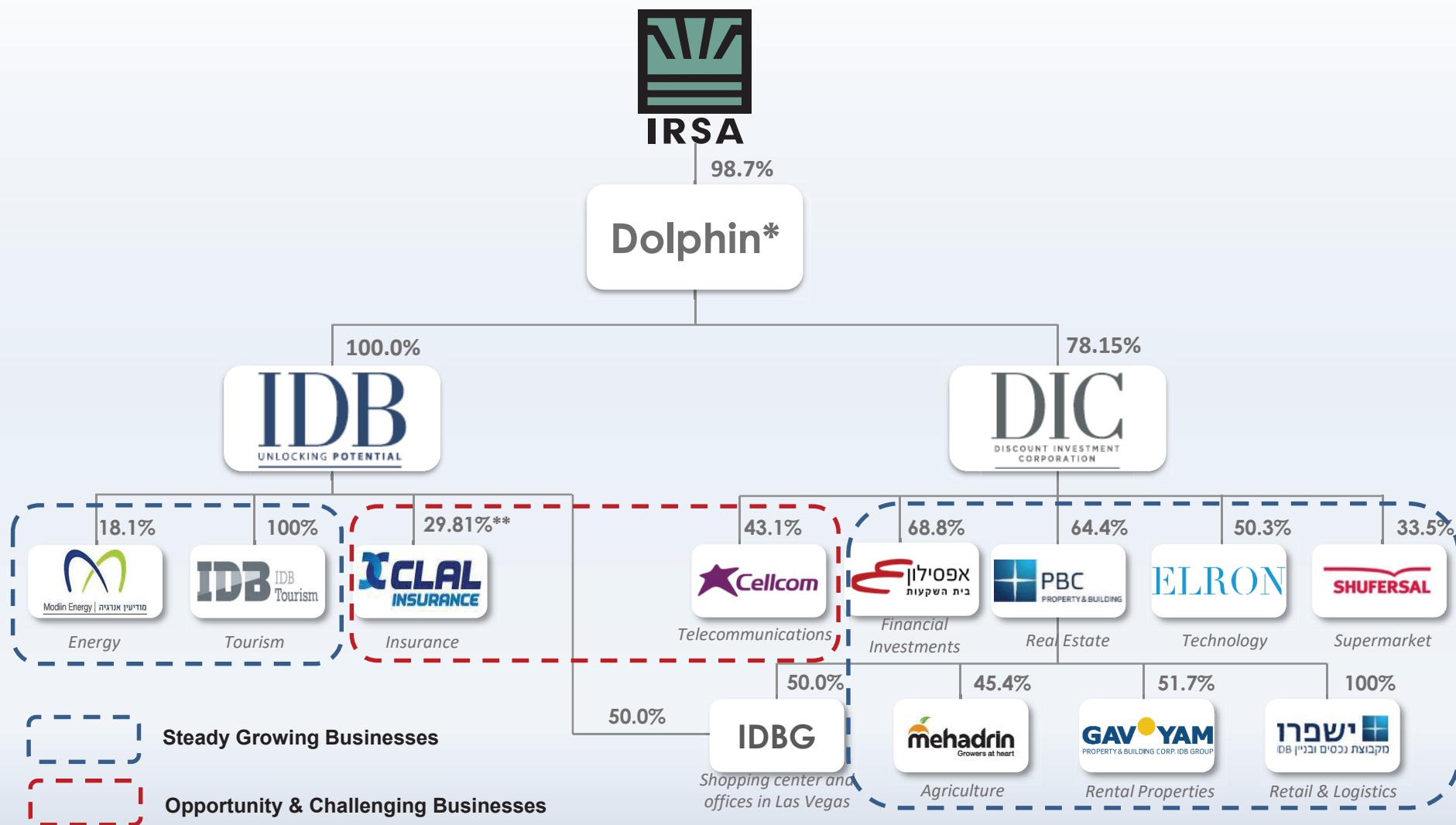


# IDB's & DIC's portfolio

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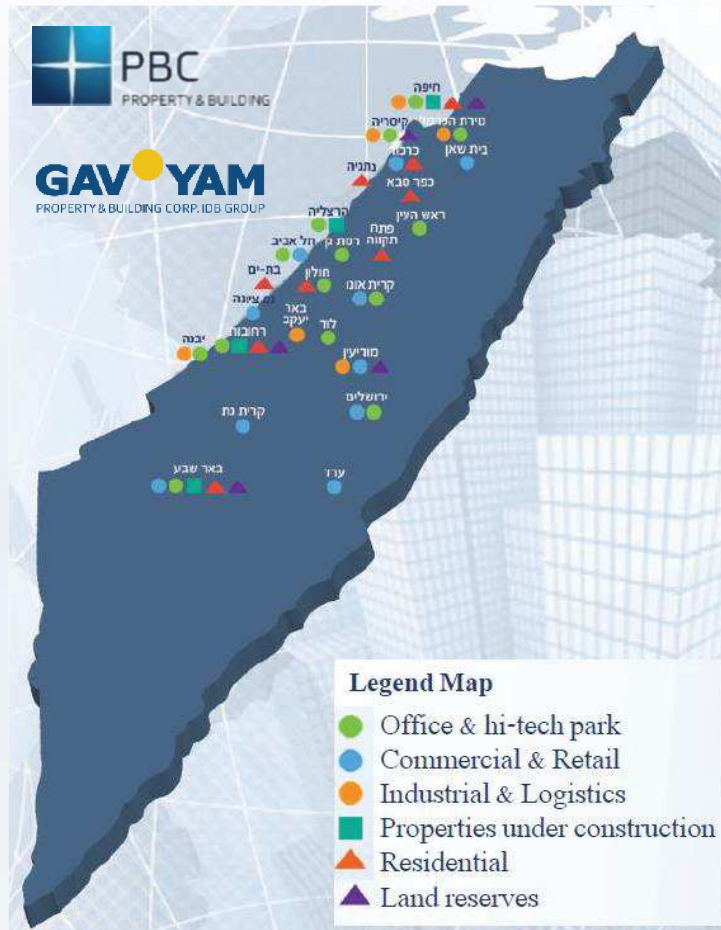
# Current Corporate Structure



\* There is a non recourse intercompany loan between Dolphin (borrower) and IDB (lender) due to the transference of DIC shares. This loan is guaranteed with ~116.4 (76.5%).

\*\*IDB engaged into swaps transaction on additional 25% of Clal shares.

# PBC & Gav Yam: Leading real estate companies in Israel



**1,160,000 sqm**  
in Israel

**97%**  
occupancy

**670,000 sqm**  
Land reserve

## Main tenants



**142,000 sqm**  
in USA

# Steady growing: PBC Group Leading Real Estate Company In Israel



## ✓ Operates in several real estate segments:

- Office and logistic centers in Israel –sqm 1.2million.
- Office USA – owns of HSBC tower in Manhattan.
- Residential developer.
- Shopping centers: Israel & Las vegas.

## ✓ Growth:

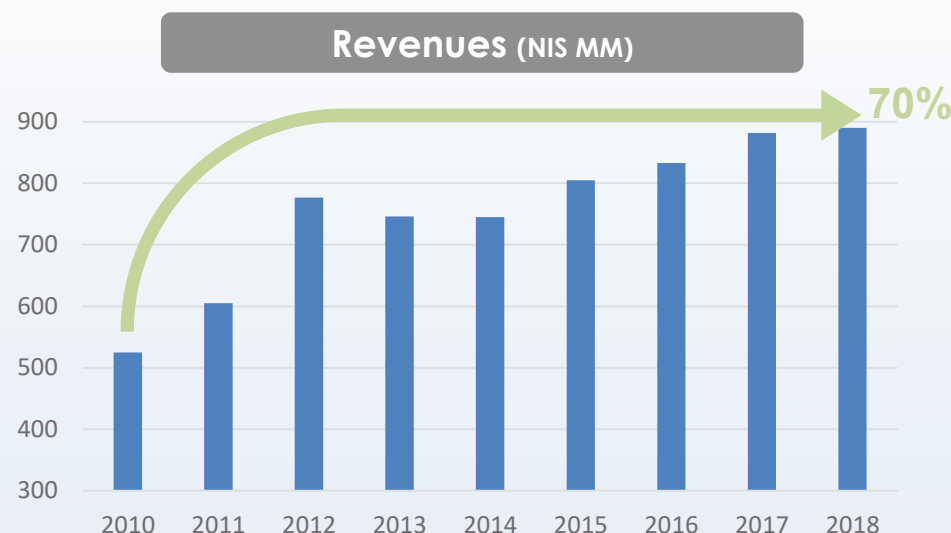
- NOI: NIS 705 MM (2018) vs NIS 564 MM (2014).
- GLA: sqm 1.2 million (Q2 2018) vs. sqm 1.0 million (2014).

## ✓ HSBC Tower:

- purchase\* USD 350 MM (2009) vs USD 920\*\* MM (Q2 2018).
- NOI run rate USD 48 MM.
- Occupancy 100%.

\*50% purchased in 2009 additional 50% purchased from a related party in 2011.

\*\*book value as of 30.6.2018



HSBC Tower, Manhattan



## Steady growing: Gav Yam - Market Leader

- ✓ Business focus - Tech Industry:
- ✓ Top tier tenants.
- ✓ Share price yield 124% over the last 5 years.
- ✓ Steady Growth while deleveraging:

- EBITDA: NIS 406 MM (2018) vs NIS 328 MM (2014).

- GLA: sqm 899 k (Q2 2018) vs. sqm 808 k (2014).

- Credit rating: ilAA (2018) vs il A+ (2014).

### ✓ Opportunities:

- Assets under development: sqm 194 k.

- Future development : sqm 618 k.

### Top Tier Tenants

ORACLE



Microsoft

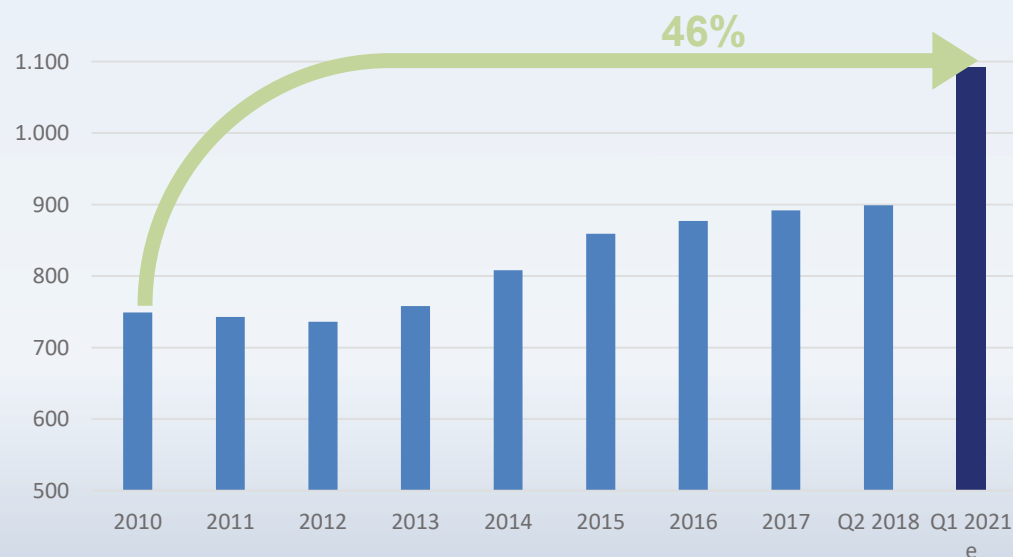
Google

amazon

IBM



### GLA (thousand sqm)



## Gav Yam: Leading commercial real estate company in Israel

8 Projects under development, planning & marketing  
194,000 sqm



## Steady growing : Shufersal Israel's Largest Retailer

**Shufersal**

✓ Largest retailer in Israel - **market cap NIS 5.5 billion.**

✓ Holds a real estate portfolio of ~ NIS 3 billion

✓ Share price yield 36 months – **136%.**

✓ Operational efficiency:

- NIS 400 MM investment in Shoham logistic center.

- EBIT margin **2.5%**(2015) vs. **4.4%** (Q2 2018)

✓ **Strategic Investments** for current and future growth:

- **Pharm:** acquisition of New Pharm

- **Online:** logistic centers.

- **Private label:** 24% of revenues.

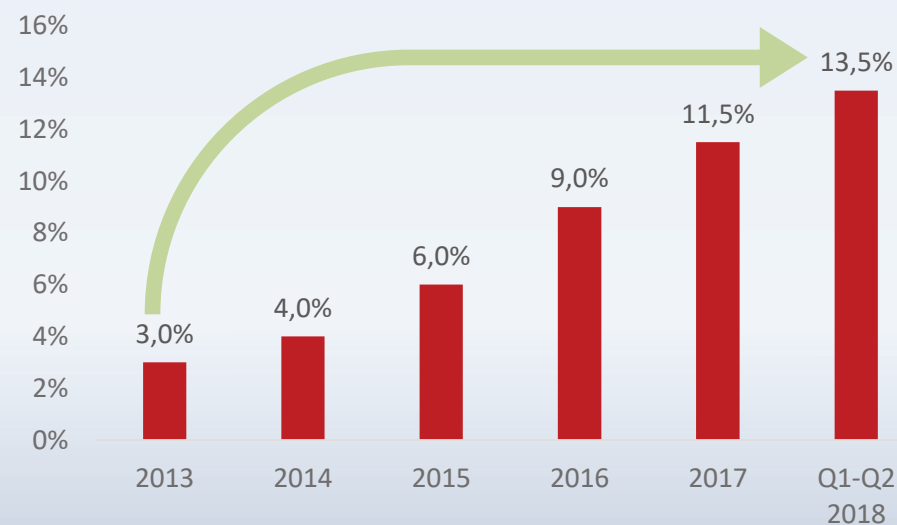
- **Shufersal business-** cash and carry.

- **Finance.**

- **Distribution** – American outlets.



**Online Sales - % of Total Sales**





## Opportunity & Challenging: Cellcom Largest Cellular Provider



✓ Israel's largest cellular provider – **2.8 million subscribers**.

### ✓ Competition:

- Operates in competitive environment -5 cellular providers.
- Cellular :ARPU NIS 51.8 vs ~ NIS 163 in the US.

✓ Transition from **cellular company to communication Group**:

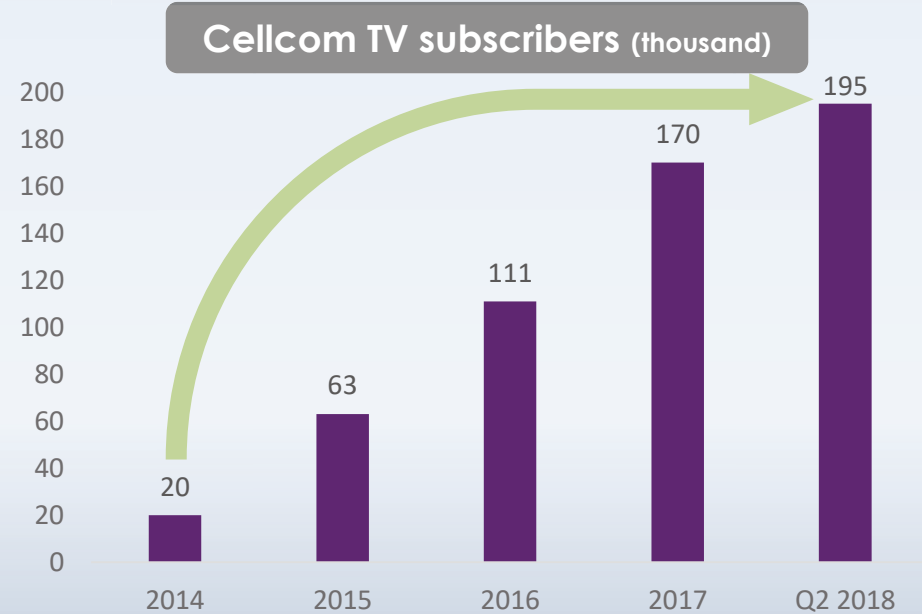
✓ **Offers bundle package** that includes Cellular, TV, Telephone & Internet.

### ✓ Investment:

- Fiber.
- TV

### ✓ Opportunities:

- Infrastructure(fiber & 5G).
- Operational efficiency.
- Lower competition.



## Opportunity & Challenging :Clal Insurance

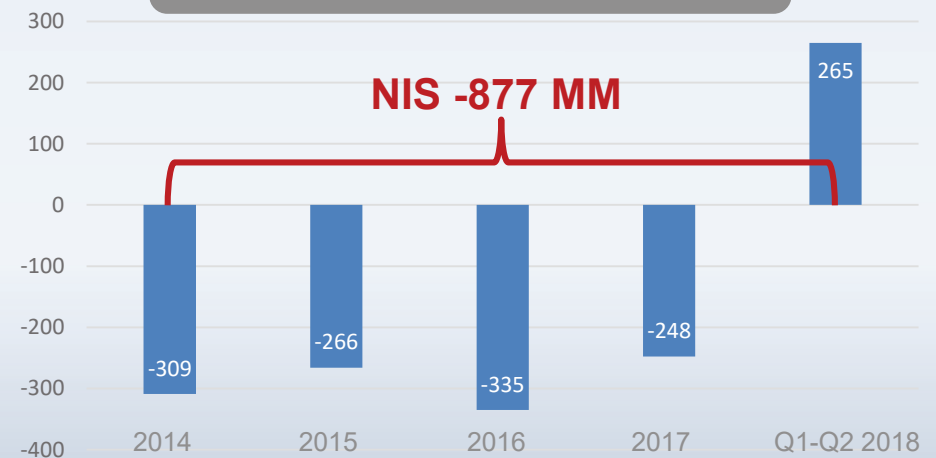
- ✓ One of the largest insurance companies in Israel.
- ✓ Assets under management (AUM) over NIS 195 billion.
- ✓ Market cap NIS 3.4 billion 68% on its book value.
- ✓ Opportunities and challenges:

- Interest rate: accumulated lost due to low interest rate NIS 877 MM.
- New management.
- Solvency II.
- Dividend policy.
- Operational efficiency.
- Technology.

**Market Cap vs. Book Value**



**Low Interest effect on Clal income (NIS MM)**





# **IDB/DIC Main Financial Moves, outcomes, challenges & opportunities**

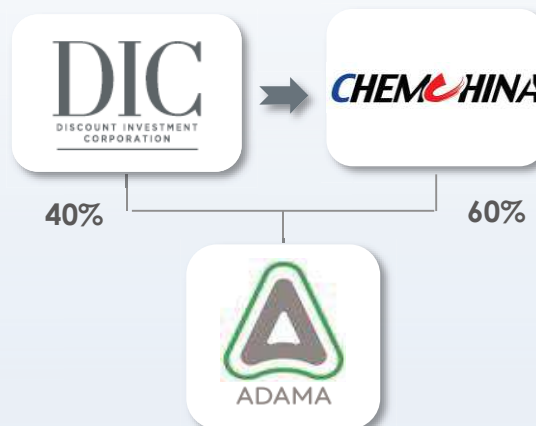
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# Assets sales at attractive values, above market expectations

## ADAMA: Leading agrochemical company (2016)

- ✓ DIC **sold its 40% stake** in Adama to ChemChina
- ✓ Price: USD 230 million in excess of loan assignment of USD 1.17 billion
- ✓ Transaction completed on November 2016.
- ✓ DIC's profit NIS 981 million.



## Shufersal Stake (2018)

- ✓ DIC **sold a 16.6% stake** in Shufersal for NIS 854 million.
- ✓ Reducing Stake & accounting deconsolidation
- ✓ Gain recognition IVQ 18: ARS 8.5 billion.
- ✓ DIC's profit NIS 1,232 million.

## Real Estate Assets for NIS 400 million (2017)

### Residential Developments in India



### Hilton Hotels (London – Cardiff – Birmingham)



**Shufersal**

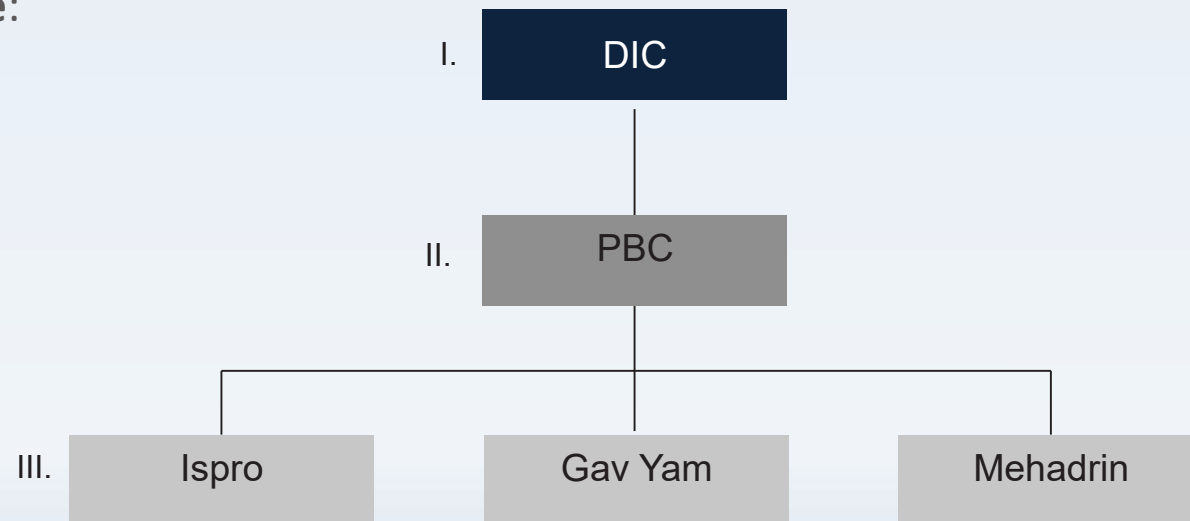
**Stake reduced from  
50.1% to 33.5%**

### ✓ Finance- Real :

- separation between significant real and significant finance corporations.

### ✓ Pyramid Structure:

- Maximum 2 layers.
- **Current Structure:**



## IDBD & DIC NAV As 31/10/2018



NIS MM	Share	Market value	Holding Value	Book Value
Clal Insurance	29.8%	3,434	1,024	1,504
Clal swaps	25%		37	436***
Loan to Dolphin	100%	1,197	1,197	2,049**
IDB Tourism	100%		179	179
IDBG	50%		204	204
Modi'in	18.1%	139	25	25
Others			39	39
<b>Total assets</b>			<b>2,705</b>	<b>4,436</b>
Net debt(22.08.2018)*			(2,215)	(2,215)
<b>NAV</b>			<b>490</b>	<b>2,221</b>

NIS MM	Share	Market value	Holding Value
Shufersal	33.6%	5,584	1,874
Cellcom	43.1%	2,692	1,161
PBC	64.4%	1,681	1,083
Elron	50.3%	360	181
Epsilon	68.8%		69
Others			112
<b>Total assets</b>			<b>4,478</b>
Net debt(22.08.2018)			(2,538)
<b>NAV</b>			<b>1,940</b>
<b>LTV</b>			<b>57%</b>
<b>Book value as of 30.6.18</b>			<b>2,679</b>

### Liquidity as of 22.8.2018:

**IDB: NIS 1,008 MM**

**DIC: NIS 2,439 MM**

\*based on Clal book value as of 30.6.18

\*\*based on DIC book value as of 30.6.18 – 76.5%

\*\*\*Based on Clal book value per share as the closing price of the swaps transactions





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**Thank You**

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