

IIIQ 2018 Conference Call

May 11, 2018



Hosted by:
Alejandro G. Elsztain, IIVP
Daniel R. Elsztain, COO
Matías I. Gaivironsky, CFO



Consolidated Financial Statements 9M 18

- **Net Income 9M18: ARS 11.3 billion** (+74% vs.9M17)
 - **Attributable to IRSA: ARS 9.4 billion** (vs ARS 3.8 billion in 9M17)
- Argentina Business Center: **Gain of ARS 12.9 billion** due to higher result from changes in **Fair value of Investment Properties**, higher rental results and higher results from **Lipstick & Banco Hipotecario**.
- Israel Business Center: **Loss of ARS 1.6 billion** mainly explained by non cash effect of **debt exchange at DIC level** partially offset by the sale of small subsidiaries in Israel.
- **Adjusted EBITDA** reached **ARS 10.1 bn** (+35.0% vs. 9M17).

Argentina Business Center

- Rental Segment grew by **19.1%** in 9M18 vs 9M17.
- Occupancy reached 98.6% in shopping malls, **91.1%** in office buildings and **71.9%** in the hotels' portfolio.
- Higher S&D due to Beruti, Maipú 1300 and Baicom plot sales.

Israel Business Center

- January & May 18: sale of additional 10% of CLAL through 2 new swap transactions.
Stake reduced to 34.9%



Rental Operating Figures

- Shopping malls' sales grew by **24.0%** in 9M18 vs. 9M17 and occupancy increased to **98.6%**
- The average rent of the office portfolio remained at **USD/sqm 26.5** while occupancy reduced to **91.0%** due to the addition of Philips Building leasable area occupied at 68%.



CAPEX 2018: Acquisitions & Developments

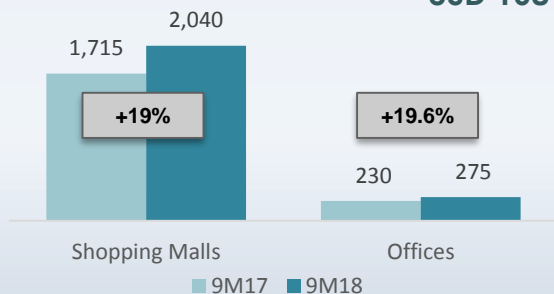
- On February 2018, **IRCP acquired a 60% of La Arena S.A.**, owner of the stadium DirecTv Arena in Pilar (BA Province) for a total amount of **USD 4.2 million**
- On March 2018, **IRCP acquired a plot of land of 78,000 sqm** in La Plata (BA Province) to develop a mixed-uses project of ~100,000 sqm
- During IIIQ FY18, we advanced in the development of 21,300 sqm expansions in our Shopping Malls and Polo Dot (1st stage) & Catalinas office buildings

Consolidated Financial Statements

Adjusted EBITDA by Segment

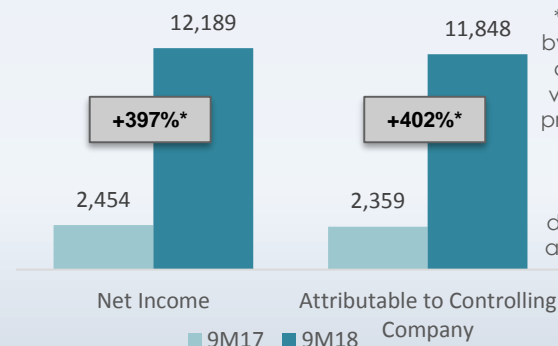
ARS million

Adj. EBITDA (LTM)
USD 168 MM



Net Income

ARS million



* Mainly explained by higher results from changes in the fair value of investment properties due to the impact of the tax reform and the currency depreciation on our assets denominated in USD

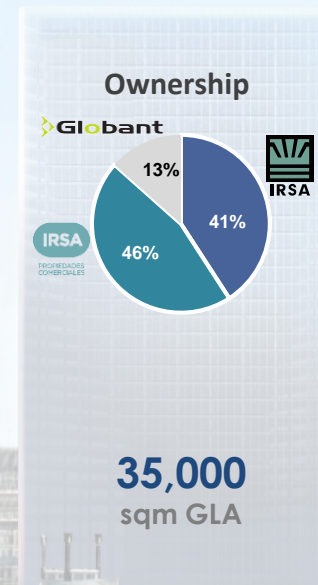
Catalinas Office building – Buenos Aires City



Future iconic landmark in the city with the widest river frontage

~ ARS 1,850mm
estimated investment

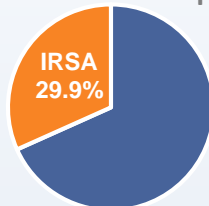
FY2020
opening date



Main events – 9M18



Ownership



Results to IRSA

- The bank has generated a gain of **ARS 554 million** during 9M18 compared to a gain of ARS 48 million during 9M17 mainly explained by **operational improvement** and the **increase in present value of its financial assets**.

General Ordinary Shareholders' Meeting (April 9th)

- Approved cash dividend of **ARS 200 million** (ARS/share 0,13333 and ARS/ADR 1,3333) paid on April 23, 2018. According to its stake, IRSA received **ARS 59.8 million**.
- Approved a capital increase of **900 million shares**, equivalent to 60% of the current stock capital, to finance future growth.

Market Value to IRSA

(USD million)





Main achievements

✓ Risk reduction by strengthening financial solvency

- Improved liquidity and cash flows
IDB NIS 1,2bn – DIC NIS 1,7bn
- Decrease in leverage
IDB LTV 77% - DIC LTV 59%
- Decrease in debt yield margins
IDB 5.6% – DIC 4.6%
- Increase in credit rating
IDB from ilCCC to ilBBB
DIC from ilBBB- to ilBBB+ stable

✓ Strengthening business positioning through innovation, new developments, market leadership and long-term planning

Main challenges

✓ Clal Insurance



- January & May 18: Sale of additional 10% of Clal shares through two new swap transaction with similar conditions than the previous ones.

✓ Israil – El Al transaction



- The signing of a transaction for the sale of Israil was objected by the Anti-Trust Authority.
- The company is appealing the measure.

✓ 2nd stage of Concentration Law

- Reduction of 1 layer before the end of 2019







Financial Results



Adjusted EBITDA by Segment 9M18




	Urban Segment: Argentina Business Center 					
	IIIQ 2018	IIIQ 2017	Var %	9M 2018	9M 2017	Var %
Shopping Malls	659	595	11%	2,041	1,718	19%
Offices	79	69	14%	260	208	25%
Hotels	19	12	58%	46	44	5%
Sales & Development	242	23	952%	222	35	534%

	Israel Business Center – ARS million 					
	IIIQ 2018	IIIQ 2017	Var %	9M 2018	9M 2017	Var %
Real Estate	827	595	39%	2,451	1,739	41%
Supermarkets	970	683	42%	2,779	2,055	35%
Telecommunications	774	578	34%	2,735	2,262	21%
Others	-190	-9	1,969%	-137	-57	140%

Consolidated Financial Results 9M18 – ARS million




	Argentina Business Center			Israel Business Center			TOTAL		
	9M 2018	9M 2017	Var %	9M 2018	9M 2017	Var %	9M 2018	9M 2017	Var %
Revenues	5,138	4,171	23%	60,558	51,030	19%	65,696	55,201	19%
Costs	-2,097	-1,712	22%	-42,667	-36,750	16%	44,764	38,462	16%
Gross Profit	3,041	2,459	24%	17,891	14,281	25%	20,932	16,739	25%
Change in Fair Value	11,421	2,021	465%	1,375	1,020	35%	12,796	3,042	321%
S.G&A	-931	-723	29%	-14,651	-12,038	22%	-15,582	-12,760	22%
Other net operating results	-65	-37	76%	609	-168	-463%	545	-207	-363%
Operating income	13,466	3,720	262%	5,224	3,095	69%	18,691	6,814	174%
Results from associates and JV	785	201	291%	-214	-59	263%	571	142	302%
Net Financial Results	-2,121	-651	226%	-6,196	-1,741	256%	-8,318	-2,393	248%
Income tax	732	-1,040	-170%	-573	-73	674%	159	-1,113	-114%
<i>Current</i>	10	-612	-	-454	-125	263%	444	-737	-
<i>Deferred</i>	722	-428	-	-119	52	-	-603	-376	-38%
Net Income	12,862	2,230	477%	-1,572	4,276	-137%	11,290	6,506	74%

Attributable to:			
IRSA	9,405	3,784	149%
Non controlling interest	1,885	2,722	-31%

Net Financial Results 9M18



	Argentina Business Center		Israel Business Center		TOTAL		
	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	Var %
Net Interest expense	-868	-695	-4,230	-3,596	-5,098	-4,291	18.8%
Net Foreign Exchange loss	-2,254	-186	-144	-21	-2,398	-207	1,058%
DIC Debt Exchange	-	-	-2,228	-	-2,228	-	-
FV gain from financial assets and liabilities	1,062	196	790	2,174	1,852	2,370	-21.9%
Other Financial Costs	-61	34	-385	-298	-446	-265	68.3%
Net Financial Results	-2,121	-651	-6,197	-1,741	-8,318	-2,393	247.6%

Exchange Rate evolution (ARS/USD)
9M18 vs 9M17



CLAL Insurance share evolution (NIS)
9M18 vs 9M17



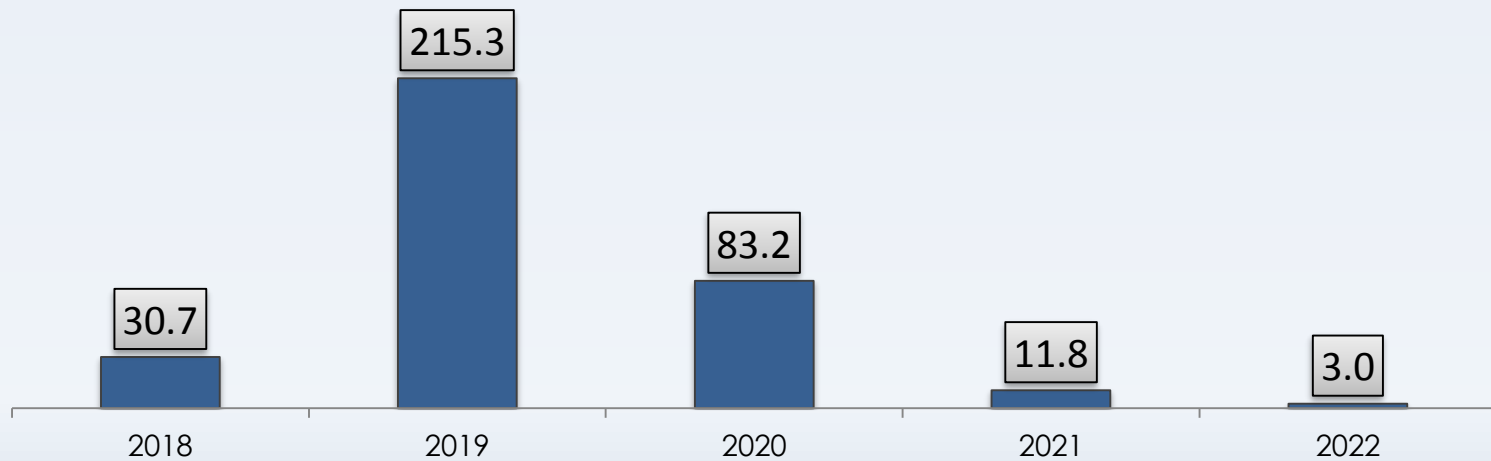
IRSA stand alone Debt as of March 31, 2018



(USD million)

IRSA Net Debt **342.0**

Debt Amortization Schedule (IRSA- USD million)



Contact Information



ALEJANDRO ELSZTAIN – II VP
MATÍAS GAIVIRONSKY – CFO
Tel +(54 11) 4323 7449

Corporate Offices
Intercontinental Plaza
Moreno 877 24° Floor
Tel +(54 11) 4323 7400
Fax +(54 11) 4323 7480
C1091AAQ – City of Buenos Aires – Argentina

NYSE Symbol: **IRS**
BASE Symbol: **IRSA**

www.irsacom.ar

Follow us on Twitter



Independent Auditors
PricewaterhouseCoopers
Argentina
Tel +(54 11) 4850 0000
Bouchard 557 7°
C1106ABG – City of Buenos Aires
Argentina

Cautionary Statement

Investing in all equities, including natural resources and real estate-related equities, carries risks which should be taken into consideration when making an investment.

This institutional presentation contains statements that constitute forward-looking statements, in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. You should be aware that any such forward looking statements are no guarantees of future performance and may involve risks and uncertainties, and that actual results may differ materially and adversely from those set forth in this presentation. We undertake no obligation to release publicly any revisions to such forward-looking statements to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements can be found in the companies' Forms 20-F for Fiscal Year 2017 ended June 30, 2017, which are available for you in our web sites.

