

# IIQ 2018 Conference Call

February 16, 2018



**Hosted by:**

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**Llao Llao Resort**  
(Bariloche – Argentina)



## Consolidated Financial Statements 6M 18

- Net Income 6M18: **ARS 10.8 billion** (+58.9% vs.6M17) – Attributable to IRSA: **ARS 8.9 billion** (vs ARS 3.8 billion in 6M17)
- Argentina Business Center: **Gain of ARS 12.1 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 1.3 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 7.2 bn** (+38.0% vs. 6M17).

### Argentina Business Center

- Rental Segment grew by **18.4%** in 6M18 vs 6M17.
- Occupancy reached **99.1%** in shopping malls, **93.2%** in office buildings and **71.5%** in the hotels' portfolio.
- Higher S&D due to Beruti, Maipú 1300 and Baicom plot sales.
- Annual shareholders' meeting approved a cash dividend of **ARS 1.4 bn** (Div yield ~ 5%).
- Sale in the secondary market of **10.24 mm shares** of IRCP for ~ **USD 138.2 million** increasing the float from 5.4% to 13.5%. IRSA stake: **86.5%**.

### Israel Business Center

- November 17: Transference of DIC shares from IDBD to Dolphin in order to meet the Concentration Law requirement.
- December 17: IRSA acquired, through Dolphin, the remaining 31.7% of IDBD from IFISA reaching 100% stake in the company.
- January 18: sale of additional 5% of CLAL through a new swap transaction. Stake reduced to 39.9%.

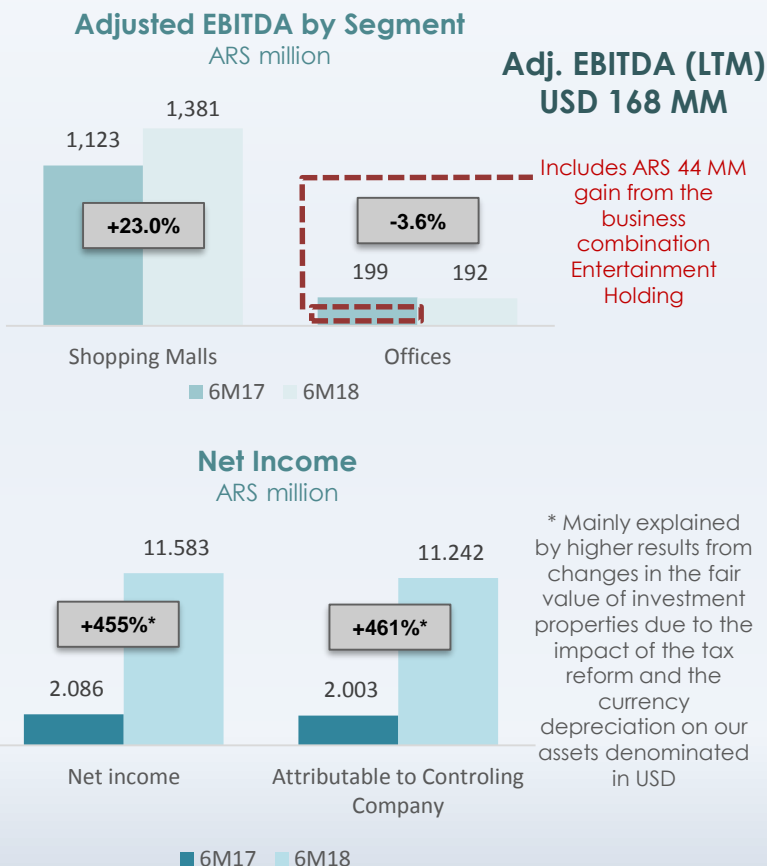
### Rental Operating Figures

- Shopping malls' sales grew by 22.6% in 6M18 vs. 6M17 and occupancy increased to 99.1%.
- The average rent of the office portfolio increased to USD/sqm 26.5 while occupancy reduced to 93.6% due to the vacancy of two floors at Boston Tower

### CAPEX 2018:



### Consolidated Financial Statements:

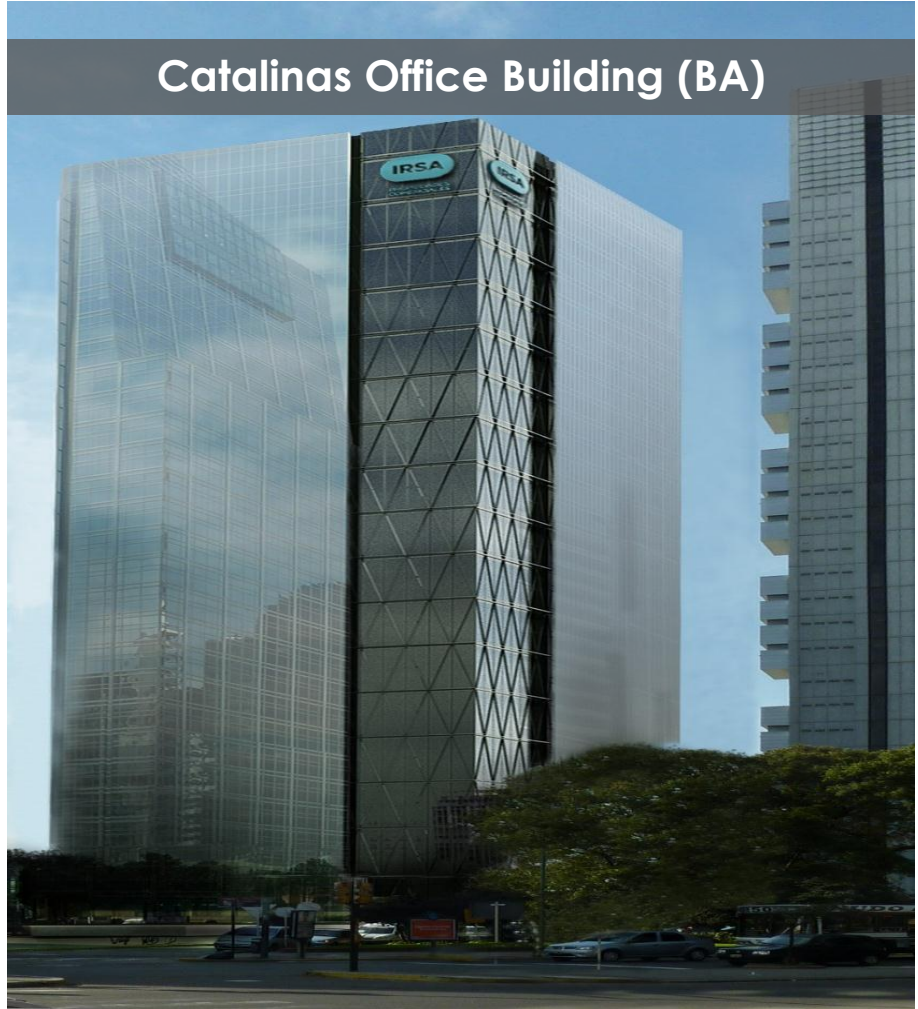




## Construction Works in progress



## Catalinas Office Building (BA)



**City of Buenos Aires**  
office

**Progress**  
8.6%

**~ ARS 1,850mm**  
estimated investment

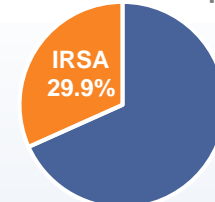
**FY2020**  
opening date

**35,500**  
sqm GLA



## Main events – 6M18

### Ownership



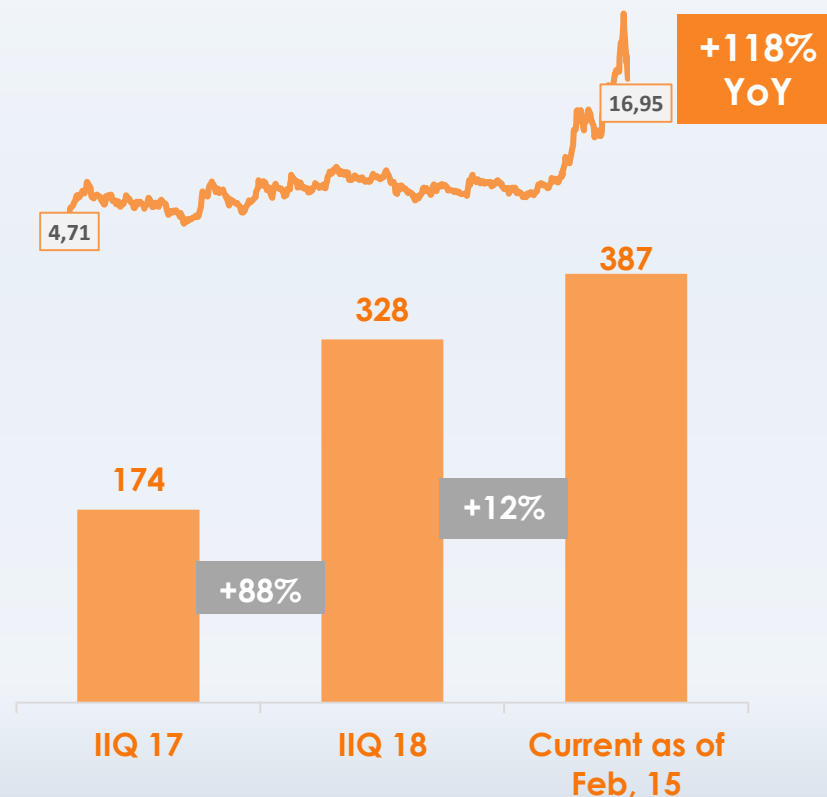
### Results to IRSA

- The bank has generated a gain of **ARS 410 million** during 6M18 compared to a gain of ARS 38 million during 6M17 mainly explained by the **increase in present value of its financial assets**.

### Prospects for 2018

- Continue developing sustainable solutions for housing deficit in Argentina
- Increase share in the financial consumer market
- Boost the corporate products business
- Increase customers' base and expand distribution capacity
- Maintain a balanced structure between assets and liabilities managing the different terms and currency exposure.

### Market Value to IRSA (USD million)





## IDB Development Corporation Ltd.

### Main events – IIQ18

#### Acquisition of IFISA' stake in IDBD

- On December 2017, Dolphin acquired the entire 31.7% stake of IFISA in IDBD at NIS/share 1.894. Consequently Dolphin paid US\$33.7 millions in excess of the total debt cancelation.

#### Concentration Law: Transference of DIC Shares

- On November 2017, Dolphin acquired the entire stake of IDBD in DIC. The price was set at NIS 17.20 per share and financed through a loan with guarantee on DIC shares.
- This transaction was done in order to meet the Concentration Law in Israel which do not allow to have more than 3 layers of public companies (Eg: IDBD-DIC-PBC-Gav-Yam)

#### Debt

- On Nov-17 IDBD issued notes in the local capital markets to expand its series 14 for NIS 357mm at 5.3% fixed rate due 2022.
- On Dec-17, DIC issued notes in the local capital markets for NIS 762 million at 4.8% fixed rate due 2026.

#### Clal Insurance

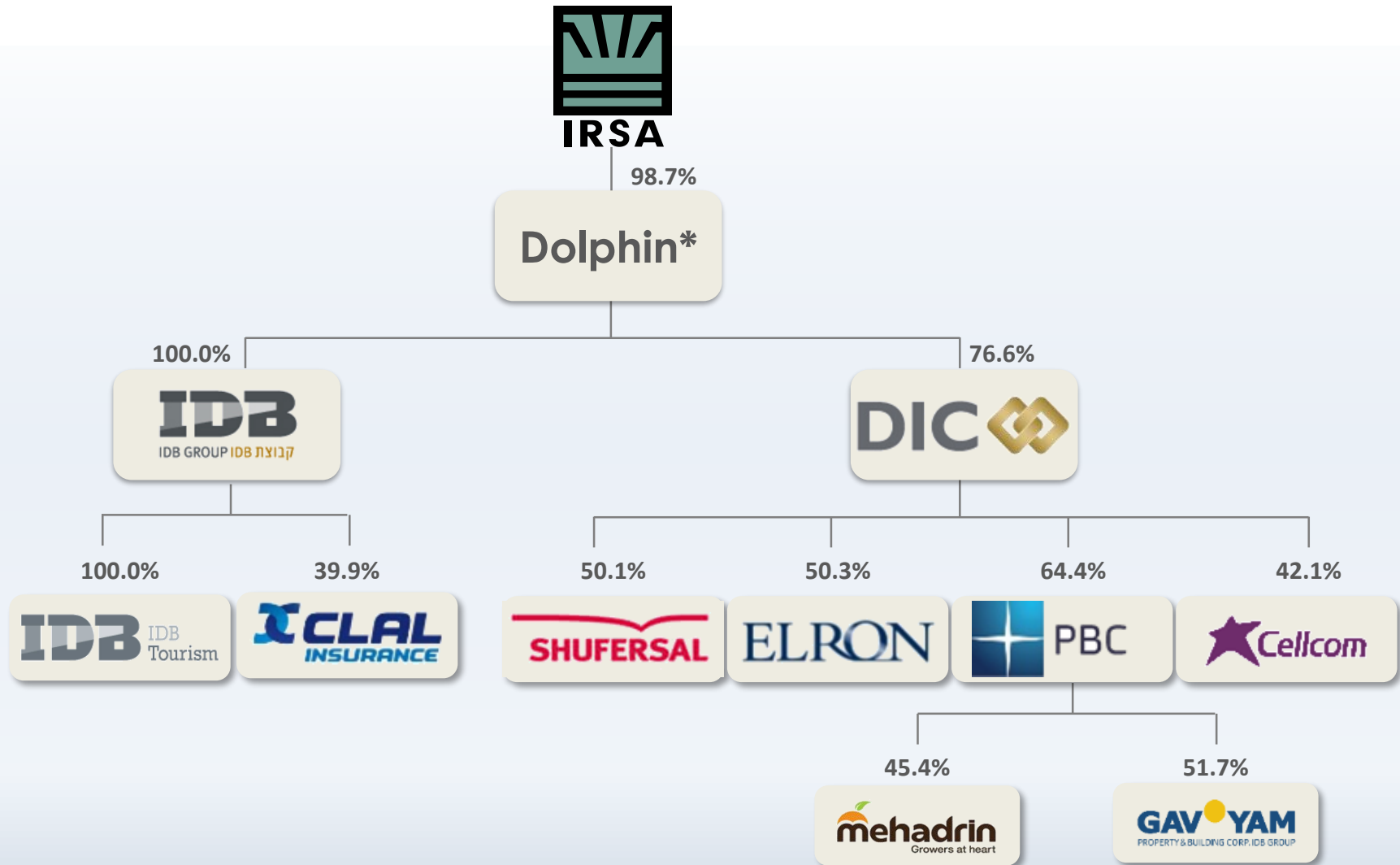
- No longer exclusivity offer from Huabang Financial Holdings Limited to acquire IDBD entire stake in Clal at BV (~ NIS 4.8 billion).
- January 18: Sale of additional 5% of Clal shares through a new swap transaction with similar conditions than the previous two.

#### Israir – El Al transaction

- The signing of a transaction for the sale of Israir was objected by the Anti-Trust Authority.
- The company is evaluating the course of action.

#### Eurocom Communications Limited

- Offer made on February 5th, 2018 to acquire the control of Eurocom by DIC or related parties subject to several approvals which expired on February 15th.



\* 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 DIC shares sold.





## Leading Israeli Real Estate Company

IRSA indirect stake: **48.7%**

Market Cap NIS 2,110 million

- Occupancy – 98%
- Ispro sale process – in progress
- Net Debt, Consolidated – NIS 7,591 million
- Recent note issuance for NIS 496 million at 3.95% fixed due 2029

### PBC Share Price USD/share

**+31%  
YoY**



## Israeli Leader - High-Tech Parks

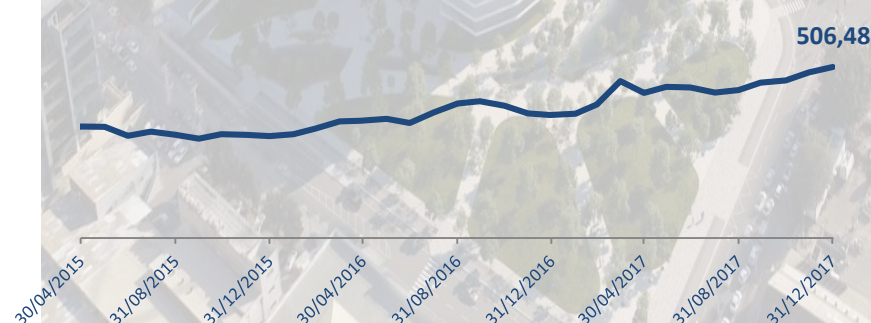
IRSA indirect stake: **25.2%**

Market Cap NIS 3,652 million

- Occupancy - 99%
- Developing – Tozeret Haaretz (ToHa), Cyber park Beer Sheva
- Shares Issuance – NIS 201 million
- Net Debt, Consolidated – NIS 2,615 million
- Credit rating upgrade: 'il AA-' > 'il AA'

### Gav-Yam Share Price USD/share

**+39%  
YoY**





# Israel Business Center – Main Subsidiaries



## IDBD & DIC Net debt decrease (NIS million)



### IDBD

### DIC\*

*NIS 2.3 billion decrease*

*NIS 6.2 billion decrease*



*\*Includes Adama non recourse loan*

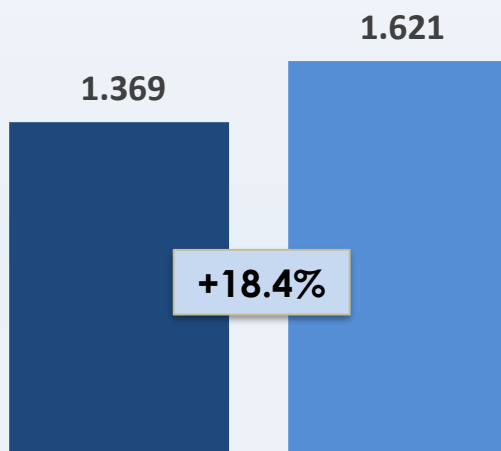
# Financial Results





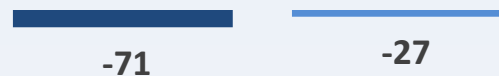
## Rental Segment

(ARS million)



## Sales & Development

(ARS million)



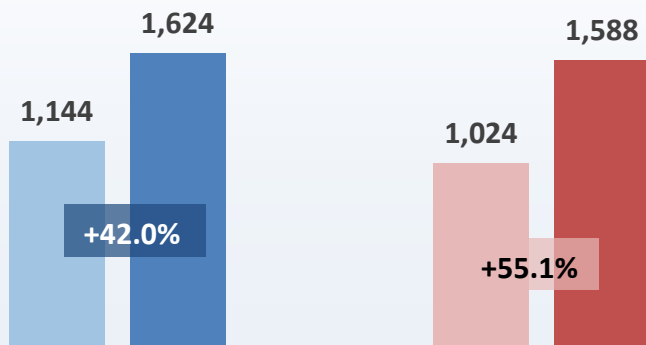
■ 6M17 ■ 6M18

# Israel Business Center – Adjusted EBITDA & Net income by Segment 6M18



In ARS million

## Real Estate



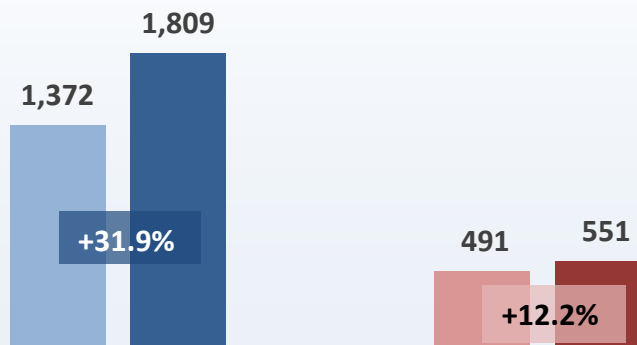
Adjusted EBITDA

6M17 6M18

Net Income

6M17 6M18

## Supermarkets



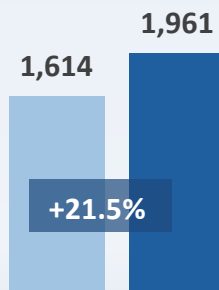
Adjusted EBITDA

6M17 6M18

Net Income

6M17 6M18

## Telecommunications



Adjusted EBITDA

6M17 6M18

10

Net Income -18

6M17 6M18

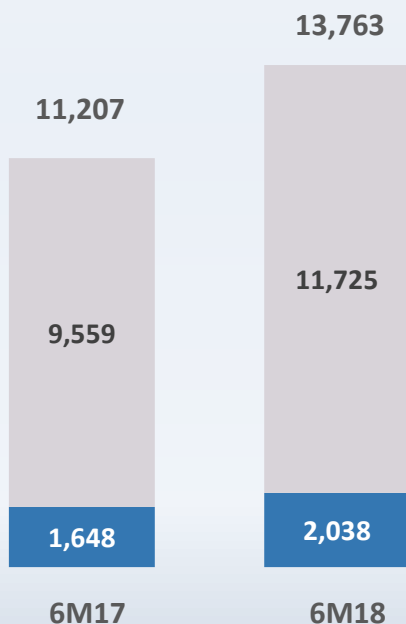
# Consolidated Financial Results 6M18 – ARS MM



Argentina Business Center  
Israel Business Center

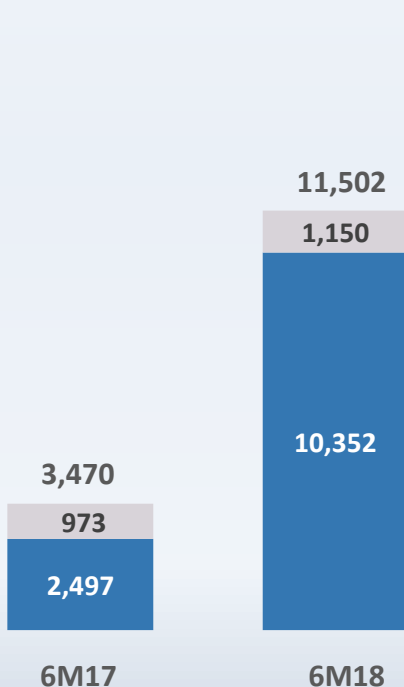
## Gross Profit

+22.8%



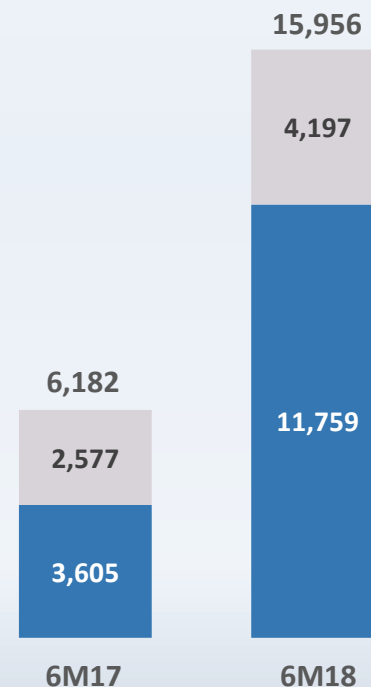
## Results from changes in Fair Value of Investment Properties

+231.5%



## Operating Income

+158.1%





# Consolidated Financial Results 6M18 – ARS MM

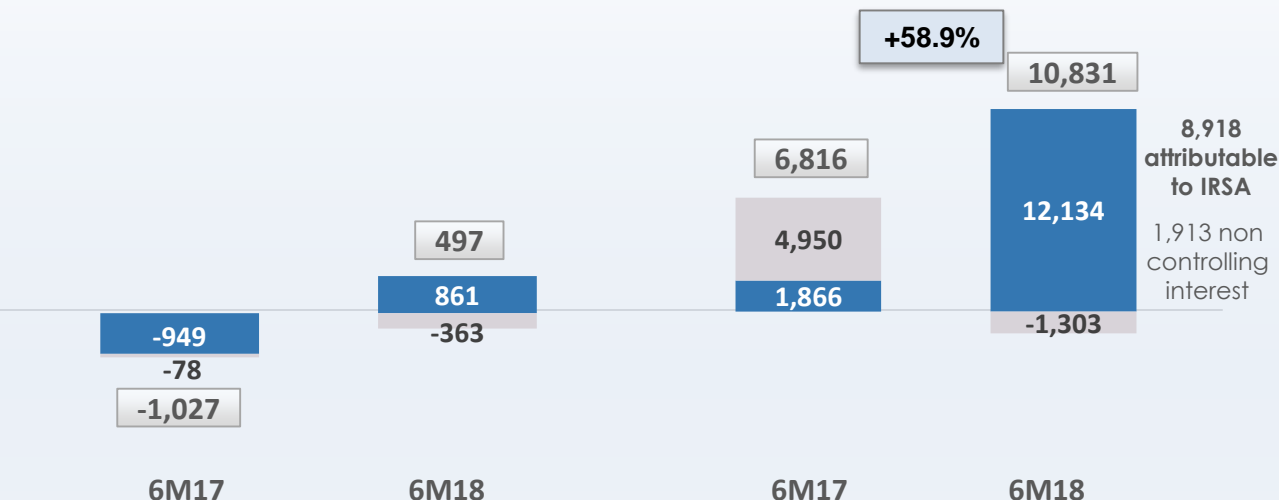
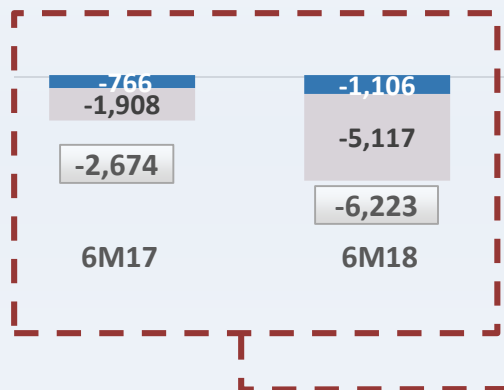


■ Argentina Business Center  
■ Israel Business Center

## Net Financial Results

## Income Tax

## Net Income



Mainly explained by	Argentina		Israel		Total	
	6M18	6M17	6M18	6M17	6M18	6M17
Net Interest expense	-548	-498	-3.070	-2.523	-3.618	-3.021
Net Foreign Exchange loss	-1.260	-456	-89	-213	-1.349	-669
DIC Debt Exchange	-	-	-2.228	-	-2.228	-
Other financial costs, net	-63	-47	-203	-496	-266	-543
Fair value gain from financial assets and liabilities	657	179	481	1.286	1.138	1.465

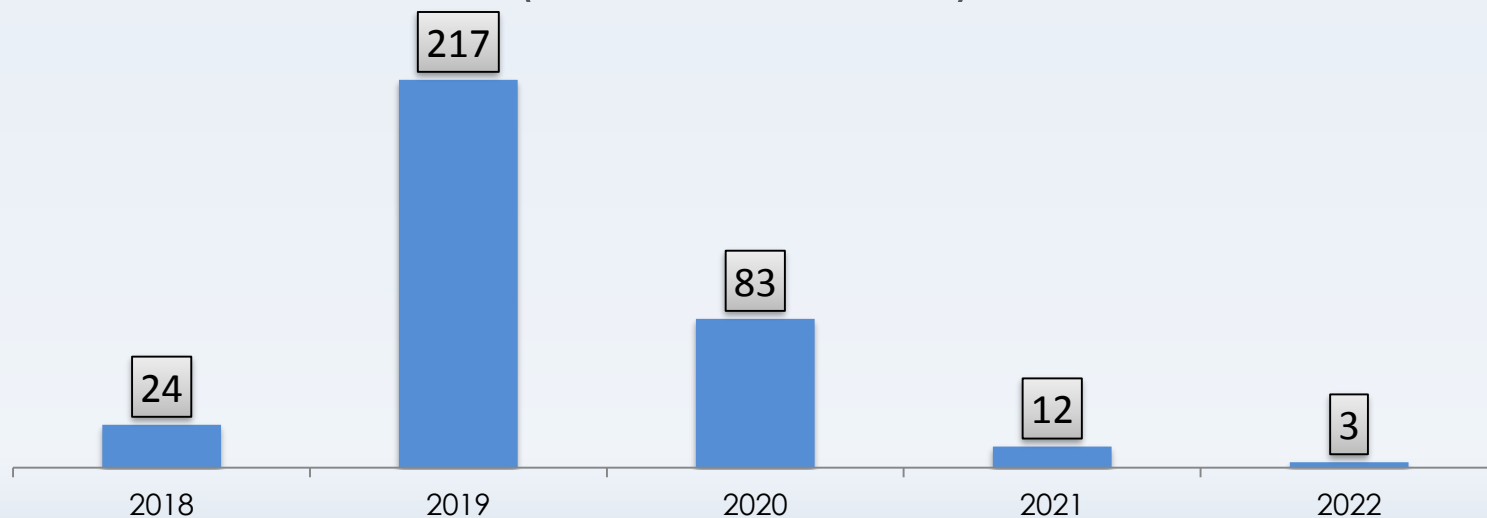
# IRSA stand alone Debt as of December 31, 2017



In USD million

<b>IRSA Total Debt</b>	338.9
Cash & ST Investments	4.0
<b>IRSA Net Debt</b>	334.9

## Debt Amortization Schedule (IRSA- USD million)



# Contact Information



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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.

