



KARDAN N.V.

FY 2016 Results

23 March 2017



Emerging markets player

✓ Mainly Asia, Africa & CEE

Core activities*

✓ Real Estate – Kardan Land China

✓ Water Infrastructure - Tahal

Corporate Governance

✓ Listed: Amsterdam & Tel-Aviv

* The sale of TBIF was completed on August 11, 2016. In the FY2016 results TBIF is being reported as discontinued operations under 'Other'



Financial Highlights Q1 – Q4 2016



In € millions	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Total 2016
Result from operations before financing expenses	(2.3)	1.8	(4.3)	(2.7)	(7.5)
Financing expenses, net	(2.6)	(10.4)	(16.9)	(19.3)	(49.2)
Share of profit (loss) of associates and joint ventures	3.3	(3.3)	2.2	0.6	2.8
Income tax (expenses)/benefit	0.8	0.4	0.5	(0.6)	1.1
Loss from continuing operations	(0.8)	(11.5)	(18.5)	(22.0)	(52.8)
Profit from discontinued operations	2.4	3.9	15.2	-	21.5
Profit (Loss) for the period	1.6	(7.6)	(3.3)	(22.0)	(31.3)
Attributable to non-controlling interests	(0.3)	0.2	-	0.1	-
Net result for equity holders	1.9	(7.8)	(3.3)	(22.1)	(31.3)



Financial Highlights FY 2016



In € millions	Real estate Asia	Water Infrastructure	Other	Total FY 2016	FY 2015
Result from operations before financing expenses	(10.3)	7.4	(4.6)	(7.5)	9.5
Financing expenses, net	(12.4)	(1.9)	(34.9)	(49.2)	(64.9)
Share of profit (loss) of associates and joint ventures	2.4	(1.1)	1.5	2.8	2.7
Income tax (expenses)/ benefit	5.1	(3.4)	(0.6)	1.1	(6.5)
Loss from continuing operations	(15.2)	1.0	(38.6)	(52.8)	(59.2)
Profit from discontinued operations	-	(0.1)	21.6	21.5	36.3
Profit (Loss) for the period	(15.2)	0.9	(17.0)	(31.3)	(22.9)
Other comprehensive income/(loss)				(2.5)	(2.0)
Total Comprehensive Income / (loss) to Kardan equity holders				(33.8)	(24.9)



Financial Highlights FY 2016



Kardan NV

- Net loss of € 31.3 mn (FY 15: € 22.9 mn net loss);
- Negative revaluation related to Galleria Dalian of € 2.6 mn in 2016, compared to a fair value gain of € 20.9 mn in 2015 following the completion of the mall;
- Impact of sale of assets: In 2016 a profit of € 15.2 mn on the divestment of TBIF, 2015 included a gain of €20.1 million on the sale of KWIG;
- Total Comprehensive loss of € 33.8 mn (FY 15: € 24.9 mn loss);
- Shareholders' equity: 31 December 2016: € 37.3 mn (year end 2015: € 71.5 mn);
- Negative foreign exchange impact (€ 13.9 mn) in financing expenses (appreciation NIS vs €) (FY 15: € 36 mn negative impact);



Financial Highlights FY 2016 (continued)



Kardan NV

- Funds generated from assets sold used to fully early repay in 2016 the principal and interest intended to be paid in February 2017, allowing Kardan time to further optimise assets and maximize proceeds from selling such assets which will be used for the next repayment in February 2018.
- Kardan is currently negotiating transactions with a number of prominent parties which are expected to generate adequate resources to meet future liabilities. Kardan is confident of its ability to meet the future liabilities. However, since realizing its plans depends on factors not wholly within its control, a mandatory emphasis of matter had to be included in the financial statements indicating significant doubt regarding the Company's ability to continue as a going concern.



Kardan NV

- Q4 16: € 22.1 mn net loss to equity holders (Q4 15: net loss of € 18.1 mn), heavily impacted by high financing expenses and foreign exchange effects

Real Estate Asia

- Q4 16: € 4.4 mn net loss (Q4 15: € 4.0 mn loss), impacted by the negative revaluation (€ 2.6 mn) of Galleria Dalian
- All operational indicators of Galleria Dalian show a gradually increasing trend:
 - Opening rate grew from 43% at 31 December 2015 to 67% at 31 December 2016
 - Food market is expected to open in April 2017 will add an additional 6%
 - Increase in footfall and tenants turnover



Water Infrastructure

- Q4 16: € 1.1 mn loss (Q4 15: € 1.3 mn net profit)
 - Revenue increased due to significant progress achieved in a number of new projects
 - Gross margin significantly improved to 16.0% (Q4 15: 12.9%)

Other

- Q4 16: Net loss of € 16.6 mn (Q4 15: loss of € 15.4 mn)
 - Financing expenses (€ 15.3 mn) impacted by appreciation of NIS vs EUR (€ 11.1 mn)



Kardan Land China

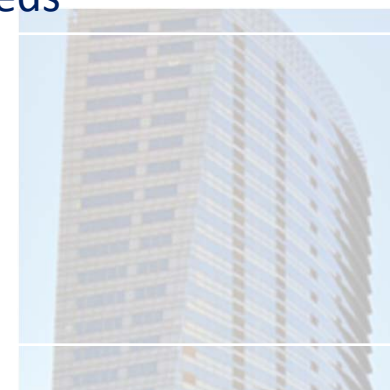
www.kardanland.com



Real Estate Asia – FY 2016 highlights



- Result:**
- € 15.2 mn loss (FY 15: € 8.9 mn profit)
 - 2016 net loss includes a negative revaluation of € 2.6 related to Galleria Dalian; the 2015 results included a fair value gain of € 20.9 mn
 - Foreign exchange impact € 0.4 mn negative vs € 7.2 mn positive in FY 15.
- Revenues**
- Increased to € 8.5 mn compared with € 6.7 mn in 2015, due to growing rental revenues of Galleria Dalian shopping mall opened in August 2015
- Galleria Dalian**
- 4% decrease in value mainly due to depreciation of RMB versus EUR
 - All operational indicators show a gradually increasing trend:
 - Signing rate around 77%;
 - Opening rate increased to 67% as of December 31 (year-end 2015: 43%). The food market opening planned for April 2017, will add an additional 6%
 - Significant increase in footfall and tenant proceeds



Sale of apartments:

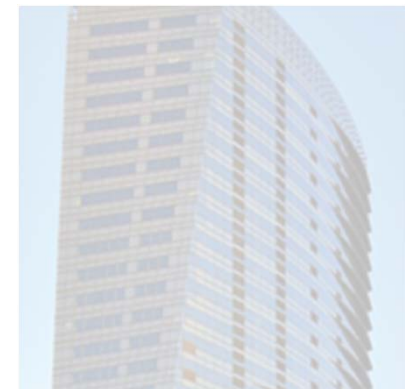
- Rate of unsold completed units in inventory (including the inventory of joint venture projects) increased to 17% (vs 10% last year end), while the number of unsold apartments in inventory decreased significantly to 477 (vs 1,327 end 2015)

Equity Earnings:

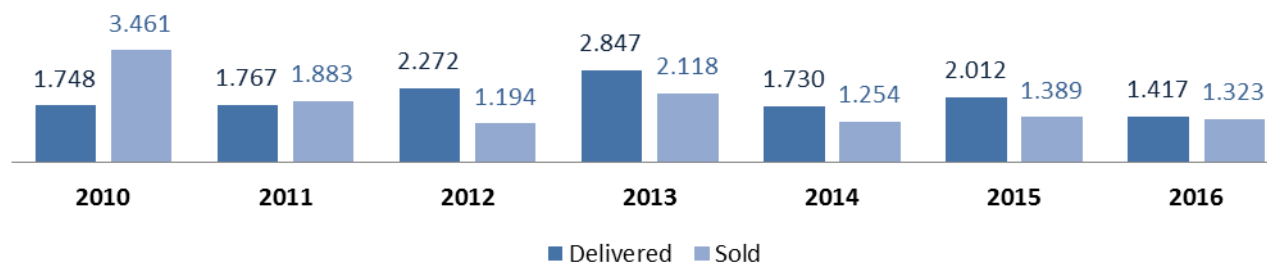
- Contributed € 2.4 mn in 2016 (FY 15: €2.6 mn)
- Gross margin on the level of project companies increased to 27%, due to enhanced cost control

Finance expenses:

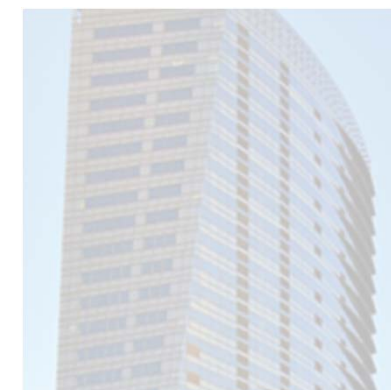
- FX impact: net expenses of € 12.4 mn in FY 16 vs expenses of € 1.6 mn in 2015



Residential Apartments



	FY 2016	FY 2015
Total apartments sold in period	1,323	1,389
Total apartments delivered in period	1,417	2,012
Apartments Dalian sold in period	14	269
Apartments Dalian delivered in period	4	2
Total apartments sold, not yet delivered	2,114	2,208



- Location:
 - Dalian: city with approx. 7 million residents and one of China's fastest growing cities
 - next to Davos Center and near renewed port: many visitors
 - green surroundings
 - connected to new subway station & offering sufficient parking space
- 64,834 square meter net rentable area
- Tenants include large international retailers
- Approximately 77% signed lease agreements at present
- Focuses on comprehensive lifestyle concept, combining the shopping experience with entertainment (IMAX cinema, fitness centers, Kid's floor, Restaurants etc.)
- Designed by international architects: La Guardia-Luo
Won several real estate awards during construction



Tahal Group International

www.tahal.com



Water Infrastructure – FY 2016 highlights



- Revenue decreased from € 167.9 mn in 2015 to € 129.7 mn in FY 2016, mainly due to the completion of two mega projects
- Tahal won a 7 year large scale agricultural project in Angola; adds USD 370 mn to backlog in Q4 2016
- Gross margin improved to 16.2% in 2016 (14.9% FY 15)
- Overhead costs decreased on the back of improved efficiencies; partly offset by higher marketing expenses as a result of large number of new tenders
- EBIT was stable at € 6.3 mn in FY 2016 (FY 15: € 6.4 mn)
- Financing expenses (net) of € 1.9 mn (FY 15: net expense of € 2.1 mn)
- Sale of KWIG (25%) completed at the end of June 2016
- Net profit to Kardan: € 0.9 mn (FY 15: € 21.5 mn, incl. € 20.1 mn gain on sale of KWIG)



Other



“Other” FY 2016 Highlights

- Results of TBIF are reported as discontinued operations
 - Sale of TBIF completed on 11 August 2016;
 - The profit from the sale of TBIF amounted to € 15.2 mn, recognized in Q3 2016.
- Continuing operations of the former ‘banking and retail lending’ segment, including AVIS Ukraine, realized a profit of € 1.4 mn (FY 2015: loss of € 2.9 mn), mainly as a result of the sale of a portfolio, partly offset by a loss of €1.7 mn following a revaluation of the remaining mortgage activity in light of its disposal in Q4 2016.
- Finance expenses on holding level decreased significantly to € 35.7 mn in FY 2016 (FY 15: € 60.1 mn) mainly due to a lower negative impact of foreign exchange differences.



Maturity of liabilities

Company Only – Kardan N.V. (principal only, December 31, 2016)

(€ million)	2017 ⁽²⁾	2018	2019	2020	Total
Debentures - Series A	-	47.6	-	-	47.6
Debentures - Series B	-	49.1	98.3	98.3	245.7
Total	-	96.7	98.3	98.3	293.3

(1) Net of debentures held by subsidiaries

(2) The principal repayment that was due in 2017 was early repaid in during 2016



Cash flow forecast Kardan



Company only - Kardan N.V.

January 1, 2017 – December 31, 2018

Sources	€ millions
Cash & ST investments as at 01.01.2017	2.0
Sale of assets	<u>241.3</u>
<i>Total sources</i>	<i>243.3</i>
Uses	
Series A debentures (principal)	47.6
Series B debentures (principal)	49.1
Interest on debentures	24.1
G&A expenses less management fees	<u>7.2</u>
<i>Total uses</i>	<i>128.0</i>
Expected cash & short term investments at 31.12.2018:	115.3



Also in 2017, our focus remains on generating liquidity to meet our repayment obligation, while strengthening the performance of our operating subsidiaries. Kardan's Executive management continues to work with its business segments to improve their results and consequently their value to Kardan.

Given that Kardan is exposed to the currency movements of the NIS and the RMB versus the Euro – as its liabilities are in NIS, its assets are predominantly in RMB and it reports in Euro – the Company's results are dependent to a large extent on these currency movements and therefore the Company cannot give guidance on its results.





Thank you

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Appendix

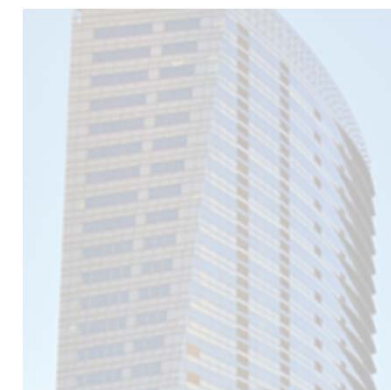
Kardan Q4 and FY 2016 financials



Real Estate Asia – Q4 and FY 2016



	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2016	2015	2016	2015
Delivery of units	0.8	0.8	0.2	0.3
Rental income	3.7	1.8	0.9	0.8
Management fee and other revenues	4.0	4.1	1.0	1.4
Total revenues	8.5	6.7	2.1	2.5
Cost of delivery of units	0.7	0.9	0.1	0.4
Cost of rental income	1.5	1.5	0.2	0.6
Other expenses and management & service recharge expenses, net	5.1	3.2	1.4	1.2
<i>Gross profit</i>	1.2	1.1	0.4	0.3
SG&A expenses	8.9	11.4	2.2	2.8
Adjustment to fair value (impairment) of investment property	(2.6)	20.9	(2.2)	(0.7)
Gain on disposal of assets and other income	-	0.4	-	-
Equity earnings (losses)	2.4	2.6	1.0	2.4
Result from operations before finance expenses	(7.9)	13.6	(3.0)	(0.8)
Financing expenses, net	(12.4)	(1.6)	(1.6)	(3.1)
Income tax (expenses) / benefit	5.1	(3.1)	0.2	(0.1)
Net profit (loss) to Equity holders	(15.2)	8.9	(4.4)	(4.0)



Water Infrastructure – Q4 and FY 2016



	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2016	2015	2016	2015
Contract revenues	129.7	167.9	42.4	38.1
Contract cost	108.6	142.9	35.6	33.2
<i>Gross profit</i>	21.1	25.0	6.8	4.9
In %	16.2%	14.9%	16.0%	12.9%
SG&A expenses	14.2	17.4	3.5	5.0
Equity earnings / (losses)	(1.1)	(1.5)	(0.8)	-
Gain on disposal of assets and other income	0.5	0.3	(0.5)	0.2
Result from operations before financing expenses	6.3	6.4	2.0	0.1
Financing income (expenses), net	(1.9)	(2.1)	(2.4)	0.1
Income tax expenses	(3.4)	(2.9)	(0.7)	-
Profit (loss) from continuing operations	1.0	1.4	(1.1)	0.2
Net profit (loss) from discontinued operations	(0.1)	20.1	-	1.1
Net profit (loss)	0.9	21.5	(1.1)	1.3
Attributable to:				
Equity holders (Kardan N.V.)	0.9	21.5	(1.1)	1.3



Other – Q4 and FY 2016

	For the year ended December 31,		For the three months ended December 31,	
	2016	2015	2016	2015
In € millions				
<u>Corporate expenses:</u>				
General and administrative expenses	(3.7)	(5.1)	(1.1)	(1.3)
Financing expense, net	(35.7)	(60.1)	(15.3)	(14.7)
Other expenses	-	(0.8)	-	(0.8)
Equity earnings (losses)	-	(0.1)	-	-
Income tax expenses	(0.6)	(0.5)	(0.1)	(0.2)
	(40.0)	(66.6)	(16.5)	(17.0)
<u>Continuing operations of the former 'banking and retail lending' segment:</u>				
Loss on disposal of assets and other income	(1.6)	(0.5)	-	(0.9)
Equity earnings (losses)	1.5	1.7	0.4	0.1
Other income (expenses), net	1.5	(4.1)	(0.5)	(0.1)
	1.4	(2.9)	(0.1)	(0.9)
Profit (loss) from continuing operations	(38.6)	(69.5)	(16.6)	(17.9)
Profit (loss) from discontinuing operations	21.6	16.2	-	2.5
Net profit (loss)	(17.0)	(53.3)	(16.6)	(15.4)
Attributable to:				
Equity holders (Kardan NV)	(17.0)	(53.3)	(16.6)	(15.4)

