



KARDAN N.V.

Q1 2017

24 May 2017



Financial highlights Q1 2017



In € millions	Q1-2017	Q1-2016
Real Estate	(1.9)	(2.0)
Water Infrastructure (discontinued operations)	0.9	(0.3)
Banking and Retail lending (discontinued operations)	-	3.9
Other – banking and retail lending (continuing operations)	0.7	-
Total Operations	(0.3)	1.6
Holding (Corporate Finance and G&A)	(17.5)	0.3
Total	(17.8)	1.9
Comprehensive income (expense)	(1.8)	(9.9)
Total Comprehensive Income	(19.6)	(8.0)



- Positive operational performance, offset by a severe impact from currency effects and high interest expenses
- Resulting in € 17.8 mn **loss to equity holders** (Q1 2016: net profit of € 1.9 mn) predominantly due to high foreign exchange impact
 - Revaluation NIS vs EUR caused a negative impact of € 11.5 mn vs a positive impact in Q1 2016 (€ 3.3 mn)
- **Real estate operations** generated a net loss of € 1.9 mn in Q1 2017 (Q1 2016: € 2.0 mn loss)
 - Gradual improvement in rental revenues Galleria Dalian
 - Equity earnings increased substantially due to delivery of apts
 - Offset by high financing costs and tax expenses
- **Water Infrastructure operations** generated a net profit of € 0.9 (Q1 2016: € 0.3 mn net loss)
 - Stable operational result
 - From Q1 2017 onwards presented as Held-For-Sale/ discontinued operations



- Result:**
- € 1.9 million mn net loss (Q1 2016: € 2.0 mn net loss)
 - Including tax expenses of € 1.1 mn vs a tax benefit of € 1.9 in Q1 2016
 - Negative FX impact of € 0.4 mn vs € 1.6 mn in Q1 2016
- Revenues:**
- Decreased from € 1.9 mn in Q1 2016 to € 1.6 mn
 - Continuous increase in rental revenues
 - Opening rate Galleria Dalian 75% (April 2017)
 - Food market recently opened
 - Decrease in revenues from sales of apartments and management fees due to expiry Galleria Chengdu contract
- Equity Earnings:**
- Contributed a profit of € 4.5 mn (Q1 2016 € 2.9 mn)
 - due to considerable increase in delivery of apartments and related revenues (€ 27.6 mn vs € 13.2 million in Q1 2016)
 - Stable gross margin at 30%



Sale of apartments:

- Units sold increased to 455 (Q1 2016: 387, Q4 2016: 255).
- Rate of unsold completed units in inventory decreased to 15%
- Total unsold apartments inventory increased to 718 (vs 477 at year-end), of which majority under construction

Finance expenses:

- Amounted to € 3.5 mn (Q1 2016 € 4.6 million)
- Negative FX impact of € 0.4 mn due to devaluation of RMB vs EUR (Q1 2016: negative impact of € 1.6 mn)

Loans and borrowings

- KLC works diligently on its refinancing requirements



Real Estate Q1 2017 highlights (continued)



	Q1 2017	Q1 2016	FY 2016
Total apartments sold in period	455	387	1,323
Total apartments delivered in period	616	386	1,417
Apartments Dalian sold in period	12	-	14
Apartments Dalian delivered in period	-	1	4
Total apartments sold, not yet delivered	1,918	2,207	2,114



- Presented as Held for Sale/ Discontinued operations as from Q1 2017
- Contributed a profit of € 0.9 mn vs a loss of € 0.3 mn in Q1 2016
- Stable revenues of € 31.2 mn
- Gross margin decreased from 14.9% in Q1 2016 to 13.5% in Q1 2017
 - Due to high initial costs in relation to start of Quiminha project in Angola
- Total backlog of \$ 608 mn at the end of Q1 2017
- TGI recently won a new contract in Romania, adding another \$ 17.5 mn to the backlog



Company Only – Kardan N.V. (principal only, March 31, 2017)

(€ million)	2017	2018	2019	2020	Total
Debentures - Series A*	-	49.5	-	-	49.5
Debentures - Series B*	-	51.1	102.2	102.2	255.5
Total	-	100.6	102.2	102.2	305.0

(*) Net of debentures held by subsidiaries



Company only - Kardan N.V.

April 1, 2017– March 31, 2019

Sources	€ millions
Cash & ST investments as at 1.4.2017	7.9
Sale of assets	<u>241.0</u>
<i>Total sources</i>	<i>248.9</i>
Uses	
Series A debentures (principal)	49.5
Series B debentures (principal)	153.3
Interest expenses	34.2
G&A expenses less management fees	<u>7.3</u>
<i>Total uses</i>	<i>244.3</i>
Expected cash & short term investments at 31.3.2019:	4.6



- Kardan's Executive management continues to work with its business segments to improve their results and consequently their value to Kardan
- Focus remains on generating liquidity to meet our repayment obligation, while strengthening the performance of our operating subsidiaries
- Kardan is currently conducting processes, and negotiating transactions with a number of prominent parties, regarding sale of assets (may include KLC and/or Tahal and/or their assets) which are expected to generate adequate resources to meet future liabilities and strengthen its equity position
- The Company's results are to a large extent dependent on currency movements* and therefore the Company cannot give guidance on its 2017 results

* 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 EUR



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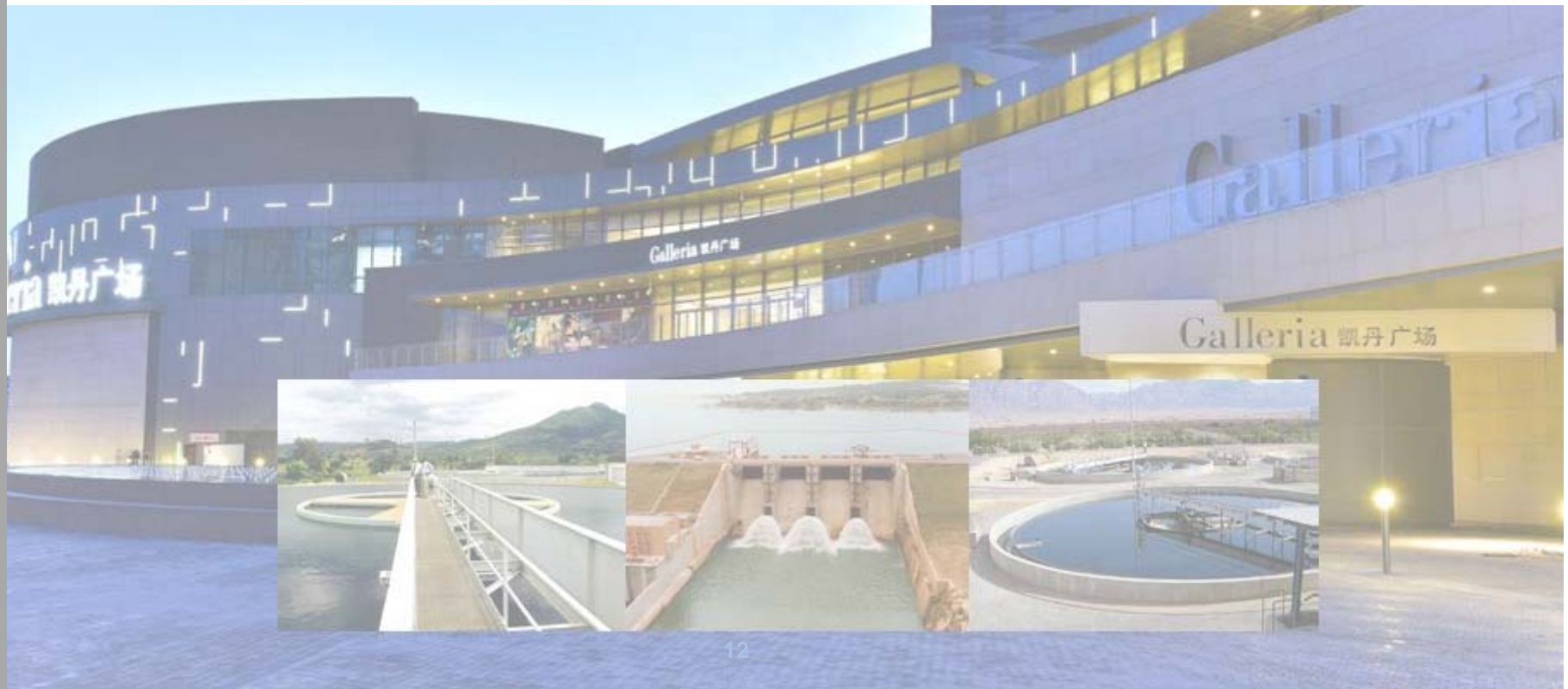
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Q1 2017 financials



Consolidated Income Statement Kardan N.V.



In EUR millions	Total Q1 - 2017	Total Q1 - 2016	Total 12M - 2016
Total revenues	1.6	2.0	11.1
Total expenses	4.5	5.4	21.8
Loss from operations before fair value adjustments, disposal of assets and financial expenses	(2.9)	(3.4)	(10.7)
Loss from fair value adjustments and disposal of assets and investments	-	-	(4.2)
Result from operations before finance expenses	(2.9)	(3.4)	(14.9)
Financing expenses, net	(19.9)	(3.3)	(47.3)
Equity earnings	5.3	3.4	3.9
Loss before income tax	(17.5)	(3.3)	(58.3)
Income tax (expenses)/benefit	(1.2)	1.5	4.5
Loss from continuing operations	(18.7)	(1.8)	(53.8)
Profit from discontinued operations *)	0.9	3.7	22.5
Profit (loss) for the period attributable to Kardan equity holder	(17.8)	1.9	(31.3)
Other comprehensive income (loss)	(1.8)	(9.9)	(2.5)
Total Comprehensive Income / (Loss) attributable to Kardan equity holders	(19.6)	(8.0)	(33.8)

*) Discontinued operations relates to Water Infrastructure (TGI) in Q1 2017 and to TBIF in Q1 2016. Loss from discontinued operations attributable to non-controlling interest holders during the three months ended March 31, 2017 amounted to € 0.3 million.



	For the three months ended March 31		Full year
	2017	2016	2016
	In €millions		
Delivery of units	-	0.1	0.8
Rental revenues	1.0	0.9	3.7
Management fee and other revenues	0.6	0.9	4.0
Total revenues	1.6	1.9	8.5
Cost of sales	-	0.1	0.7
Cost of rental revenues	0.4	0.4	1.5
Cost of management fee and other revenues	0.6	1.3	5.1
<i>Gross profit</i>	0.6	0.1	1.2
SG&A expenses	2.4	2.3	8.9
Adjustment to fair value (impairment) of investment property	-	-	(2.6)
Equity earnings	4.5	2.9	2.4
Result from operations before finance expenses	2.7	0.7	(7.9)
Financing expenses, net	(3.5)	(4.6)	(12.4)
Income tax (expenses) / benefit	(1.1)	1.9	5.1
Loss for the period attributable to Kardan equity holders	(1.9)	(2.0)	(15.2)



Water Infrastructure (discontinued operations)

	For the three months ended March 31,		Full Year
	2017	2016	2016
	In € millions		
Contract revenues	31.2	31.5	138.5
Contract cost	27.0	26.8	117.4
<i>Gross profit</i>	4.2	4.7	21.1
SG&A expenses	3.4	3.6	14.2
Equity earnings / (losses)	(0.3)	(0.1)	(1.1)
Gain on disposal of assets and other income	-	-	0.5
Result from operations before financing expenses	0.5	1.0	6.3
Financing income (expenses), net	(0.2)	0.7	(1.9)
Income tax (expenses) / benefits	0.3	(0.8)	(3.4)
Profit (loss) from continuing operations	0.6	0.9	1.0
Net profit (loss) from discontinued operations - KWIG	-	(1.5)	(0.1)
Net profit (loss)	0.6	(0.6)	0.9
Attributable to:			
Non-controlling interest holders	(0.3)	(0.3)	-
Equity holders (Kardan N.V.)	0.9	(0.3)	0.9



	For the three months ended March 31		Full Year
	2017	2016	2016
	In € millions		
<u>Corporate expenses:</u>			
General and administration expenses	(1.0)	(0.9)	(3.7)
Financing income (expense), net	(16.4)	1.5	(35.7)
Income tax expenses	(0.1)	(0.3)	(0.6)
	(17.5)	0.3	(40.0)
<u>Continuing operations of the former 'banking and retail lending' segment:</u>			
Gain on disposal of assets and other income	-	-	(1.6)
Financing income (expense), net	-	(0.2)	-
Equity earnings	0.8	0.5	1.5
Other expenses, net	(0.1)	(0.3)	1.5
	0.7	-	1.4





Thank you

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