



KARDAN N.V.

FY results 2017



28 March 2018

Financial highlights FY 2017



In € mn	FY -2017	FY -2016
Real Estate (development and investment property)	(14.6)	(15.2)
Water Infrastructure (discontinued operations)*	13.1	0.9
Banking and Retail lending (discontinued operations)	-	21.6
Other	1.7	1.4
Total Operations	0.2	8.7
Holding (Corporate Finance and G&A)	(17.3)	(40.0)
Total	(17.1)	(31.3)
Comprehensive Income (expense)	(24.6)	(2.5)
Total Comprehensive Income (loss)	(41.7)	(33.8)

* Presented discontinued operations as from Q1 2017



Financial Highlights Q1 – Q4 2017



In € millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Total 2017
Result from operations before financing expenses	(2.9)	(3.4)	(3.2)	(6.8)	(16.3)
Financing expenses, net	(19.9)	(4.7)	5.3	(8.2)	(27.5)
Equity earnings, net	5.3	4.6	2.5	6.5	18.9
Income tax (expenses)/benefit	1.2	-	0.5	3.5	5.2
Loss from continuing operations	(18.7)	(3.5)	4.1	(12.0)	(30.1)
Profit from discontinued operations	1.1	1.4	1.0	9.2	12.7
Profit (Loss) for the period	(17.6)	(2.1)	5.1	(2.8)	(17.4)
Attributable to non-controlling interests	(0.3)	(0.4)	0.4	-	(0.3)
Net result for equity holders	(17.3)	(1.7)	4.7	(2.8)	(17.1)



- Consolidated net loss Kardan N.V to equity holders decreased to € 17.1 mn (2016: loss of € 31.3 mn), as a result of the gain on the sale of Star Pumped Storage (€ 7.1 mn, net) and a positive currency impact of € 7.2 mn (2016: € 13.9 mn negative) on the Company's debentures.
- Real Estate activities booked a net loss of € 14.6 mn in 2017 (2016: €15.2 million net loss), mainly due to high financing expenses, negative fair value adjustment (€ 4.1 mn) of Galleria Dalian and the release of deferred tax assets, partly offset by strong results of the joint venture projects.
- Water Infrastructure activities contributed a net profit of € 13.1 mn attributable to equity holders (2016: € 0.9 mn).
- Avis Ukraine continued to show good results and contributed equity earnings of € 2.4 mn (2016: € 1.5 mn).



- Kardan N.V. booked a net loss of €2.8 mn to equity holders in Q4 2017 (Q4 2016: loss of € 22.1 million), including gain on the sale of Pumped Storage partly off-set by a negative fair value adjustment of investment property.
- The results also include a minor negative currency impact on the Company's debentures of € 0.6 mn (Q4 2016: € 10.3 mn negative).
- The Real Estate activities realized a net loss of € 5.1 mn (2016: loss of € 4.4 mn), including negative fair value adjustment of Galleria Dalian. Delivery of residential apartments was strong in Q4 2017.
- Water Infrastructure contributed € 9.2 mn net profit in Q4 as a result of the gain from the sale of the Star Pumped Storage project (2016: loss of € 1.1 million).



Kardan N.V. (company only, in € mln)	31 December 2017	31 December 2016
Total Assets	380.0	409.7
Total Equity	(4.4)	37.3
Equity/Total assets (%)	(1.2%)	9.1%

- The shareholders' equity of Kardan N.V. decreased from € 37.3 million as of December 31, 2016 to € 4.4 million negative as of December 31, 2017 mainly due to the loss of € 17.1 million in 2017 and the strengthening of the EUR versus the RMB, which resulted in a decrease in equity of € 23.6 million in the period.
- The equity position will be discussed in the upcoming AGM in May 2018.



- Operational profit**
 - Significantly increased to € 15.2 mn profit (2016 € 1.5 million profit) mainly due to strong contribution of joint venture activities

- Revenue from sale of apartments**
 - Revenue from sale of apartments rose to € 9.2 mn (2016: € 1.7 mn)
 - 37 apartments sold in Europark Dalian project building A (2016: 14), incl. 8 sold units previously recorded as fixed assets, contributing a gain of € 0.8 million
 - Only 17 unsold apartments left in building A as per YE 2017
 - Sale of apartments building C started in H2 2017; 77 sold

- SG&A costs**
 - Rose to € 3.1 mn (2016: € 1.6 mn) due to marketing activities for building C

- Equity earnings:**
 - Contributed a profit of € 16.4 mn (2016: € 2.4 mn profit) as a result of increased revenues from delivery of apartments and an improved gross margin.
 - 1,118 units sold in JV projects (2016: 1,309).
 - Rate of unsold completed units in inventory decreased to 9% (17% at year-end 2016)
 - Total unsold apartments in inventory increased to 1,478 (vs 494 at YE 2016)



	FY 2017	FY 2016
Total apartments sold in period	1,232	1,323
Total apartments delivered in period	1,397	1,417
Apartments Dalian sold in period	114	14
Apartments Dalian delivered in period	42	4
Total apartments sold, not yet delivered	1,703	2,114



Result from operations

- Operational loss of € 7.3 mn (2016 € 6.2 mn loss) due to contribution of joint venture activities, incl. a negative revaluation of Galleria Dalian of € 4.1 mn (2016: € 2.6 million negative) following a valuation report

Total revenues

- Decreased to € 5.8 mn (2016: € 6.8 mn), mainly due to expiration management contract Galleria Chengdu on 1 January 2017.
 - Rental revenues Galleria Dalian remained stable
 - The occupancy rate amounted to approximately 81% as of 31 December 2017 (31 December 2016 – 78%).
 - Gross profit increased to 29% (2016: 7%, reflecting high start-up costs in 2016 related to the Galleria Dalian)

SG&A:

- Increased to € 4.9 mn (2016: € 4.1 mn) due to marketing activities of the food market in Galleria Dalian shopping mall.



- Total Result:**
- Net loss of € 14.6 mn (FY 2016 € 15.2 mn incl. a deferred tax benefit of € 5.1 mn)
 - Mainly due to high financing expenses, fair value adjustment of the investment property and the tax expenses.
 - Operational profit of € 7.9 mn (FY 2016 € 4.7 mn loss)
- Financing expenses (net):**
- Amounted to € 14.9 mn (2016: € 12.4 mn) in 2016, incl. a negative impact of € 3.6 mn due to the devaluation of the RMB and USD vs EUR (2016: € 0.4 mn positive impact)
- Income tax expenses :**
- Of € 4.9 mn, mostly related to release of deferred tax assets. (2016: a tax benefit of € 5.1 mn)



- Presented as discontinued operations as from Q1 2017
- Contributed a profit of € 13.1 mn vs € 0.9 mn in 2016
- Revenues increased by 27% € 176.4 mn (2016: € 138.5 mn*)
- Gross margin decreased from 15.2% in 2016 to 13.4% in 2017
 - due to high costs of the new agricultural project Quiminha in Angola

* TGI reclassified its 2016 contract revenue and cost in relation to accounting treatment of landfill levies. The reclassification did not impact the reported net results.



- TGI was awarded a significant number of new contracts in 2017:
 - In August 2017: A multipurpose agriculture and water project in Zambia (USD 176 mn) and three water infrastructure design-build projects in Angola (USD 291 mn in total)
 - In September 2017 two Turn-key water infrastructure design-build projects around the city of Nirsa in India, for a total amount of appr. USD 76 mn
 - In November 2017 TGI was awarded another Turn-key water infrastructure design-build project in the city of Nagercoil in India, for a total amount of appr. USD 29 mn, and its 1st water infrastructure project in Georgia for appr. USD 26.3 mn
- The backlog increased to USD 672.1 from USD 606 mn year-end 2016
 - Upon fulfillment of conditions precedent, mainly related to financial closing, a pipeline of USD 467 mn signed contracts will be added to the existing order backlog



- Early 2018 it became evident that Kardan was not able to meet its February 2018 payment obligation.
- In January 2018 the Company approached the debenture holders in order to negotiate a new debt settlement.
- As of the date of this presentation, these negotiating are still ongoing. There is no certainty on the outcome of such negotiations.



The Company intends to continue the negotiations with the Debenture holders with the aim to come to an agreement soon, while continuing its efforts to advance the transaction for the sale of Tahal at the same time.

Kardan will fully focus on generating liquidity through asset transactions required to repay its outstanding debentures. In parallel, Kardan's Executive Management works on further improving its business operations, in order to optimise their value.

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



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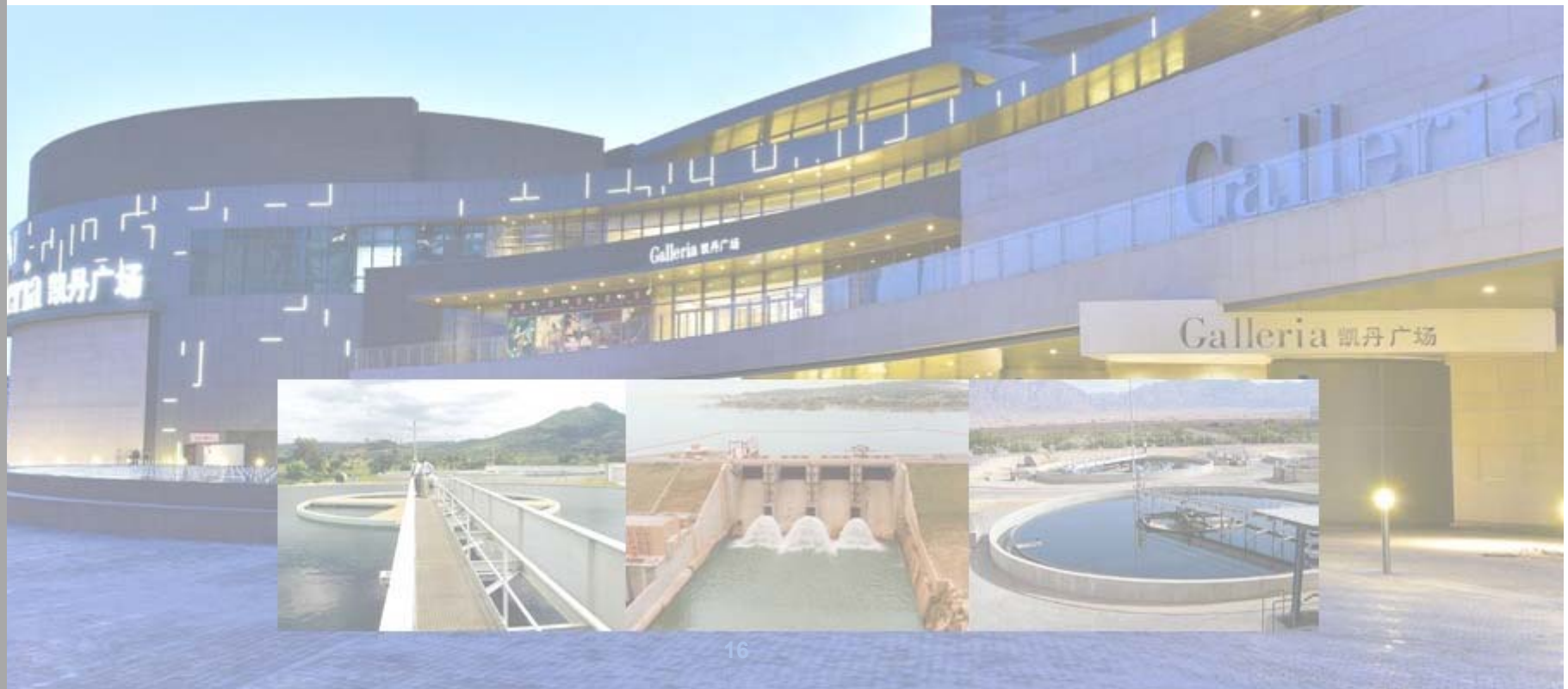
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FY 2017 financials



Consolidated Income Statement Kardan N.V.



By quarter, (in € million)

	Q1 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	12M - 2017	12M - 2016
Total revenues	1.6	2.7	2.8	7.9	15.0	11.1
Total expenses	4.5	6.1	6.0	11.4	28.0	21.9
Loss from operations before fair value adjustments, disposal of assets and financial expenses	(2.9)	(3.4)	(3.2)	(3.5)	(13.0)	(4.2)
Gain (loss) from fair value adjustments and disposal of assets and investments, net	-	-	-	(3.3)	(3.3)	-
Result from operations before finance expenses	(2.9)	(3.4)	(3.2)	(6.8)	(16.3)	(15.0)
Financing income (expenses), net	(19.9)	(4.7)	5.3	(8.2)	(27.5)	(47.4)
Equity earnings, net	5.3	4.6	2.5	6.5	18.9	4.0
Profit (loss) before income tax	(17.5)	(3.5)	4.6	(8.5)	(24.9)	(58.4)
Income tax expenses / (benefit)	1.2	-	0.5	3.5	5.2	(4.5)
Profit (loss) from continuing operations	(18.7)	(3.5)	4.1	(12.0)	(30.1)	(53.9)
Profit from discontinued operations	1.1	1.4	1.0	9.2	12.7	22.6
Profit (Loss) for the period	(17.6)	(2.1)	5.1	(2.8)	(17.4)	(31.3)
Attributable to:						
Non-controlling interests	(0.3)	(0.4)	0.4	-	(0.3)	-
Net result for equity holders	(17.3)	(1.7)	4.7	(2.8)	(17.1)	(31.3)
	(17.6)	(2.1)	5.1	(2.8)	(17.4)	(31.3)
Other Comprehensive loss	(1.9)	(14.5)	(4.3)	(3.9)	(24.6)	(2.5)
Total Comprehensive loss attributable to Kardan equity holders	(19.2)	(16.2)	0.4	(6.7)	(41.7)	(33.8)



In millions of Euro	For the year ended December 31,		For the 3 months ended December 31,	
	2017	2016	2017	2016
Real Estate - Development				
Sale of apartments	9.2	1.7	6.4	0.4
Cost of sales	(8.1)	(1.0)	(6.1)	(0.1)
Gross Profit	1.1	0.7	0.3	0.3
SG&A expenses	(3.1)	(1.6)	(0.8)	(0.3)
Gain from sale of fixed assets	0.8	-	-	-
Equity earnings	16.4	2.4	6.2	1.0
Operational profit - Real Estate Development segment	15.2	1.5	5.7	1.0
Real Estate - investment Property				
Rental revenues	5.8	6.8	1.5	1.7
Cost of rental revenues	(4.1)	(6.3)	(1.3)	(1.6)
Gross Profit	1.7	0.5	0.2	0.1
SG&A expenses	(4.9)	(4.1)	(1.0)	(1.2)
Adjustment to fair value (impairment) of investment property	(4.1)	(2.6)	(3.4)	(2.2)
Operational loss - Real Estate Investment Property segment	(7.3)	(6.2)	(4.2)	(3.3)
Total operational profit (loss) - Real Estate	7.9	(4.7)	1.5	(2.3)
Other unallocated expense	(2.7)	(3.2)	(0.6)	(0.7)
Profit (loss) before finance expenses and income tax	5.2	(7.9)	0.9	(3.0)
Finance expenses, net	(14.9)	(12.4)	(2.6)	(1.6)
Tax benefits (expenses)	(4.9)	5.1	(3.4)	0.2
Loss for the period – attributed to Company's shareholders	(14.6)	(15.2)	(5.1)	(4.4)



Water Infrastructure (discontinued operations)



	For the year ended December 31,		For the three months ended December 31,	
	2017	2016	2017	2016
Contract revenues	176.4	138.5*	59.9	44.9*
Contract cost	152.8	117.4*	52.7	38.1*
<i>Gross profit</i>	23.6	21.1	7.2	6.8
SG&A expenses	(12.9)	(14.2)	(4.1)	(3.5)
Equity losses	(1.1)	(1.1)	(0.3)	(0.8)
Gain (loss) on disposal of assets and other income	7.8	0.5	7.8	(0.5)
Result from operations before financing expenses	17.4	6.3	10.6	2.0
Financing income (expenses), net	0.4	(1.9)	(0.1)	(2.4)
Income tax expenses	(5.0)	(3.4)	(1.3)	(0.7)
Profit from continuing operations	12.8	1.0	9.2	(1.1)
Loss from discontinued operations - KWIG	-	(0.1)	-	-
Net profit	12.8	0.9	9.2	(1.1)
Attributable to:				
Non-controlling interest holders	(0.3)	-	-	-
Equity holders (Kardan N.V.)	13.1	0.9	9.2	(1.1)
	12.8	0.9	9.2	(1.1)

* Reclassified (no impact on net profit).





Thank you

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