



**IRSA**

# IIQ FY 2019 Conference Call

March 6, 2019

Hosted by: Alejandro Elsztain, IIVP  
Daniel Elsztain, COO  
Matías Gaivironsky, CFO





# Main Events for 6M FY2019

Consolidated Basis



Financial Statements

## Adjusted for Inflation

Since IIQ19

**ARS 8.6 billion**

Adjusted EBITDA

-13.1% vs. 6M18

ARS 2.5 billion

Argentina Business Center

ARS 6.1 billion

Israel Business Center

**- ARS 5.4 billion**

Net Loss

vs. Gain ARS 12.1 bn in 6M18

**- ARS 5.3 billion**

Net Loss attributable to IRSA

Mainly explained by a

**Loss** from changes in

**FV of Investment properties**

**+6.2%**

Argentina



Rental EBITDA Growth

mainly driven by Office & Hotels segments due to the positive effect of the currency devaluation in their dollar linked revenues.

**+12.1%**

Israel



EBITDA Growth

mainly driven by the real estate segment (PBC & Gav-Yam)

### Subsequent event

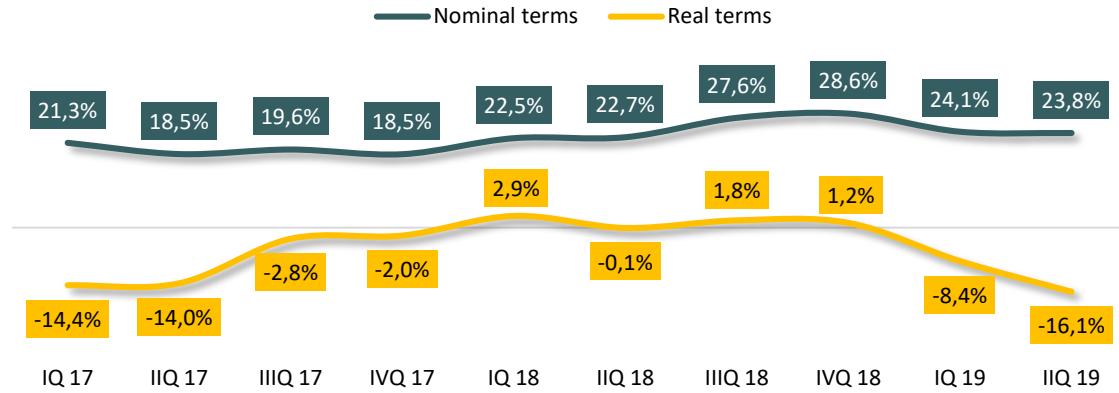
- Acquisition of 20% of the shares of Hoteles Argentinos S.A., owner of the hotel known as "Sheraton Libertador" in BA city. IRSA increased stake to 100%.



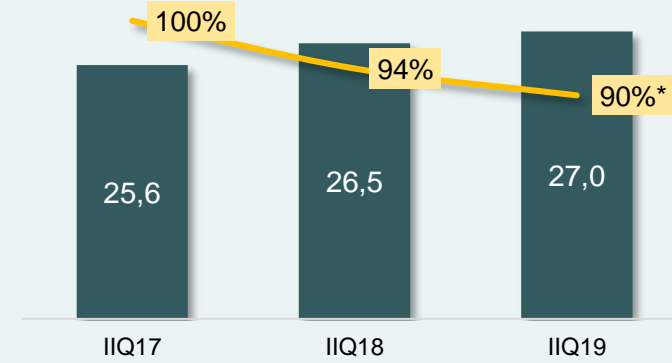
# Shopping Malls & Offices Operating Figures

## Shopping Malls – Tenants’ Sales

(% Var i.a.)

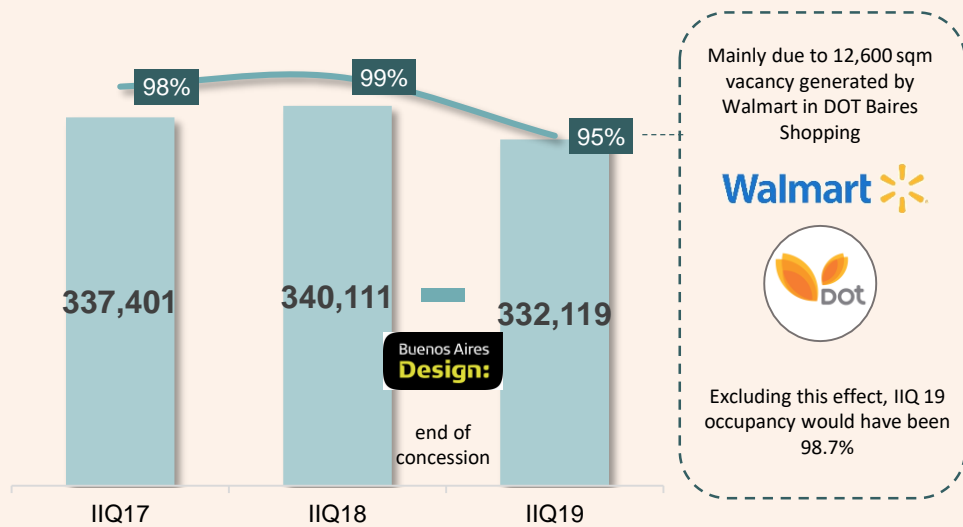


## Offices – Leases USD/sqm/month & Occupancy

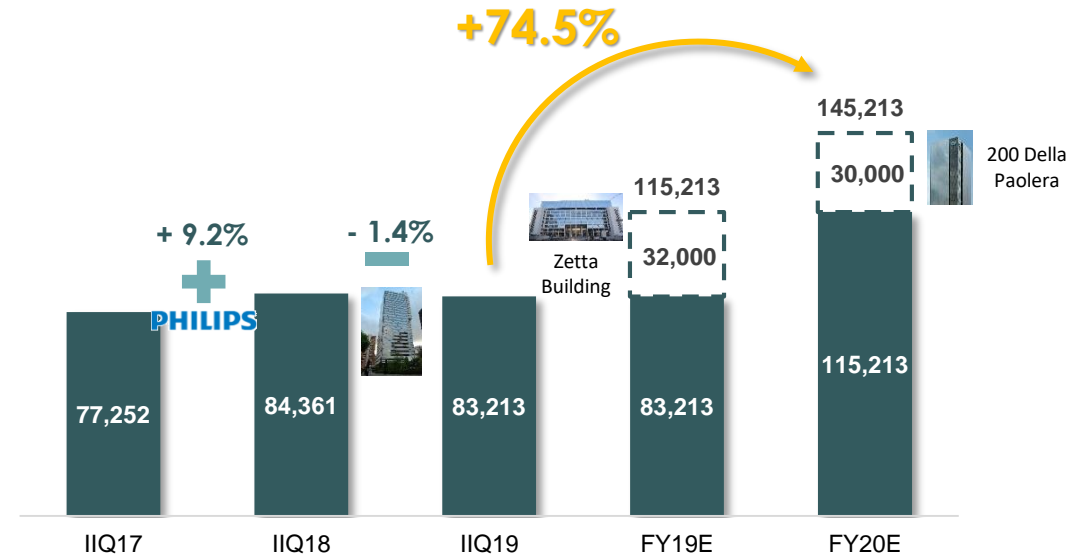


\* Mainly explained by new vacant floors at Dot building. Considering Zetta building fully leased to open next quarter, the ave occupancy would have been ~93%.

## Shopping Centers – Sqm GLA (Th.) & Occupancy (%)



## Offices – Stock (sqm GLA)





# “200 Della Paolera” Office building Sale (under development in Catalinas)

## Recent sale to IRCP

(Nov-2018)

**14,213** sqm

**12** floors

**131** parking spaces

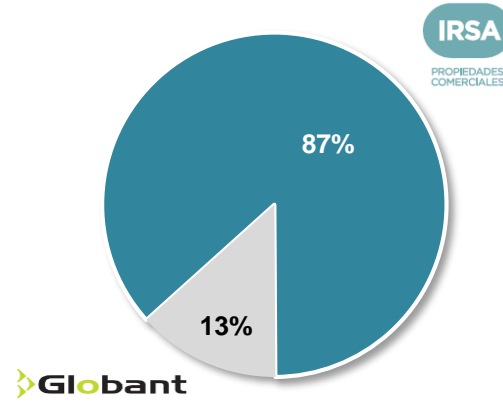
Price:  
(including remaining development)

**USD 60.3 mm**

Price/sqm:

**~USD 4,200**

## Current Ownership



## Total Project

**35,000** GLA sqm

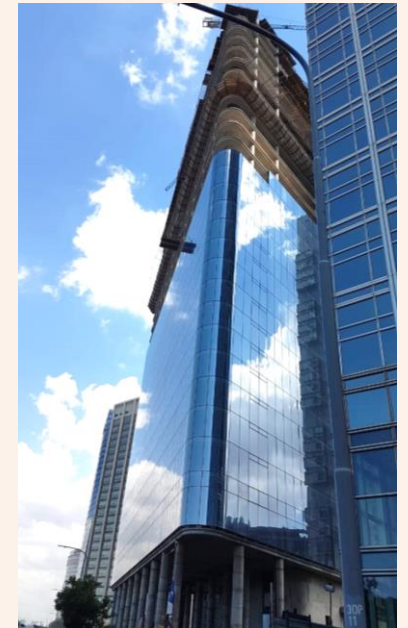
**FY 2020** Est. opening

**USD 10-12mm**

Est. EBITDA

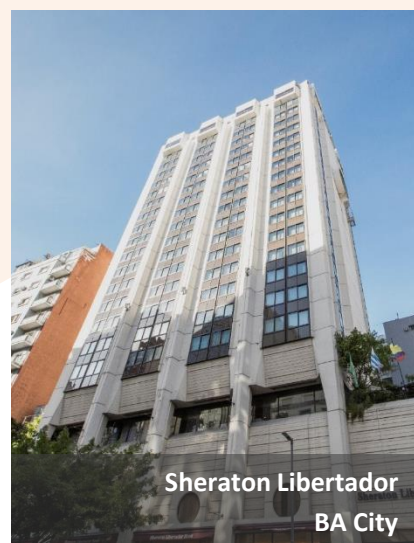
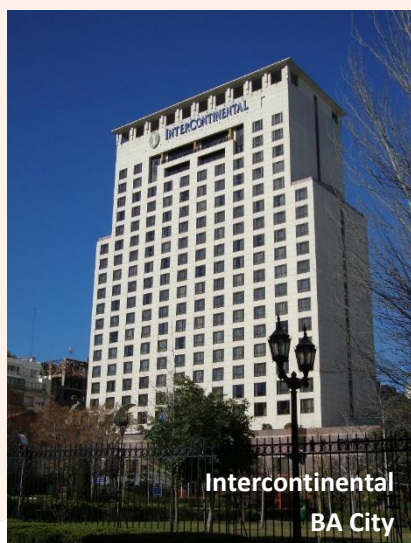
**41%** Work Progress\*

\*As of January 31, 2018



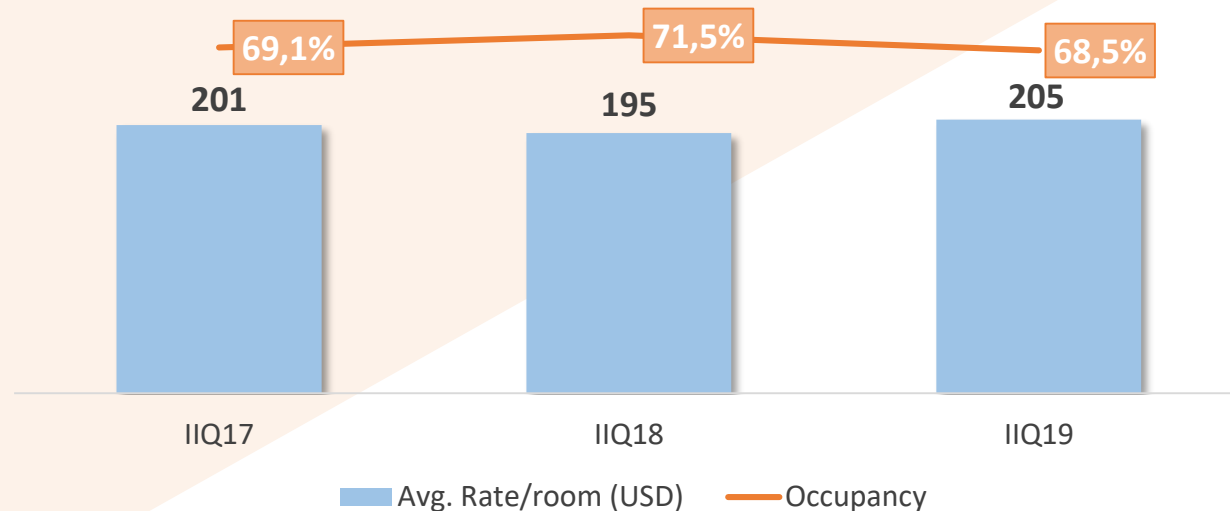


# Argentina Business Center - Hotels

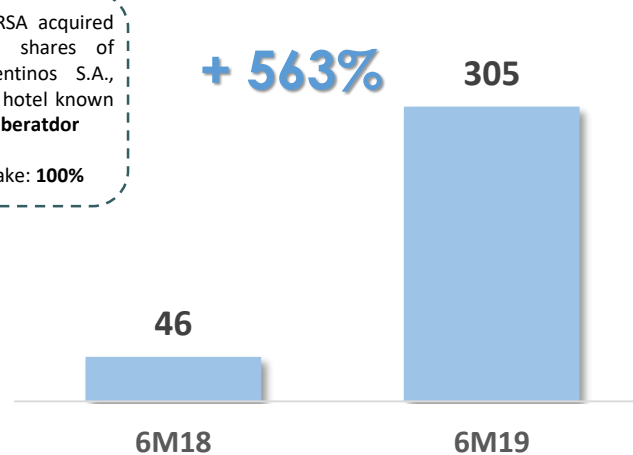


On Feb-19, IRSA acquired 20% of the shares of Hoteles Argentinos S.A., owner of the hotel known as Sheraton Libertador  
Current stake: 100%

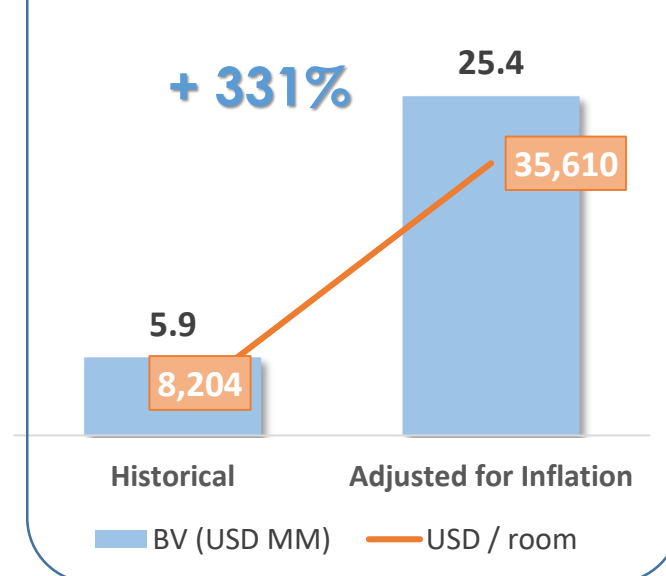
## Rate & Occupancy evolution



## EBITDA (ARS MM)



## Book Value as of Jun '18







# Investment in IDB & DIC – Israel

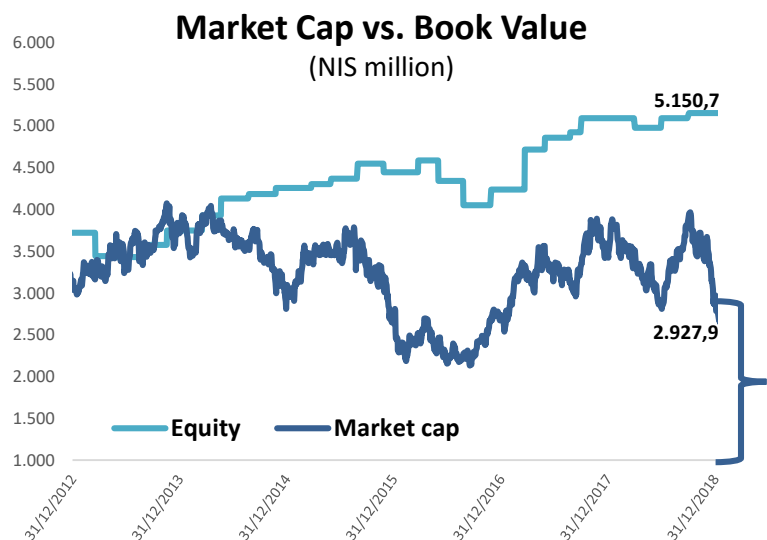
## Main Events for 6M FY 2019



- **Sales:**  
(Through swap transactions)



Aug-2018: **5% stake**  
 Jan-2019: **4.5% stake**  
 Current stake: **25.3%**  
 Economic rights: **54.9%**



Insurance Companies	P / BV
CLAL	0.6x
Avg. Israel	0.8x
Avg. USA	1.4x

57% BV



- **Sale:** **SHUFERSAL**  
**7.5% stake**  
 NIS 416 mm.  
 Current stake: **26.0%**

- **Acquisitions:**



**3% stake**  
 NIS 55 mm  
 Current stake: **67.5%**



**9.2% stake**  
 NIS 31 mm  
 Current stake: **59.5%**



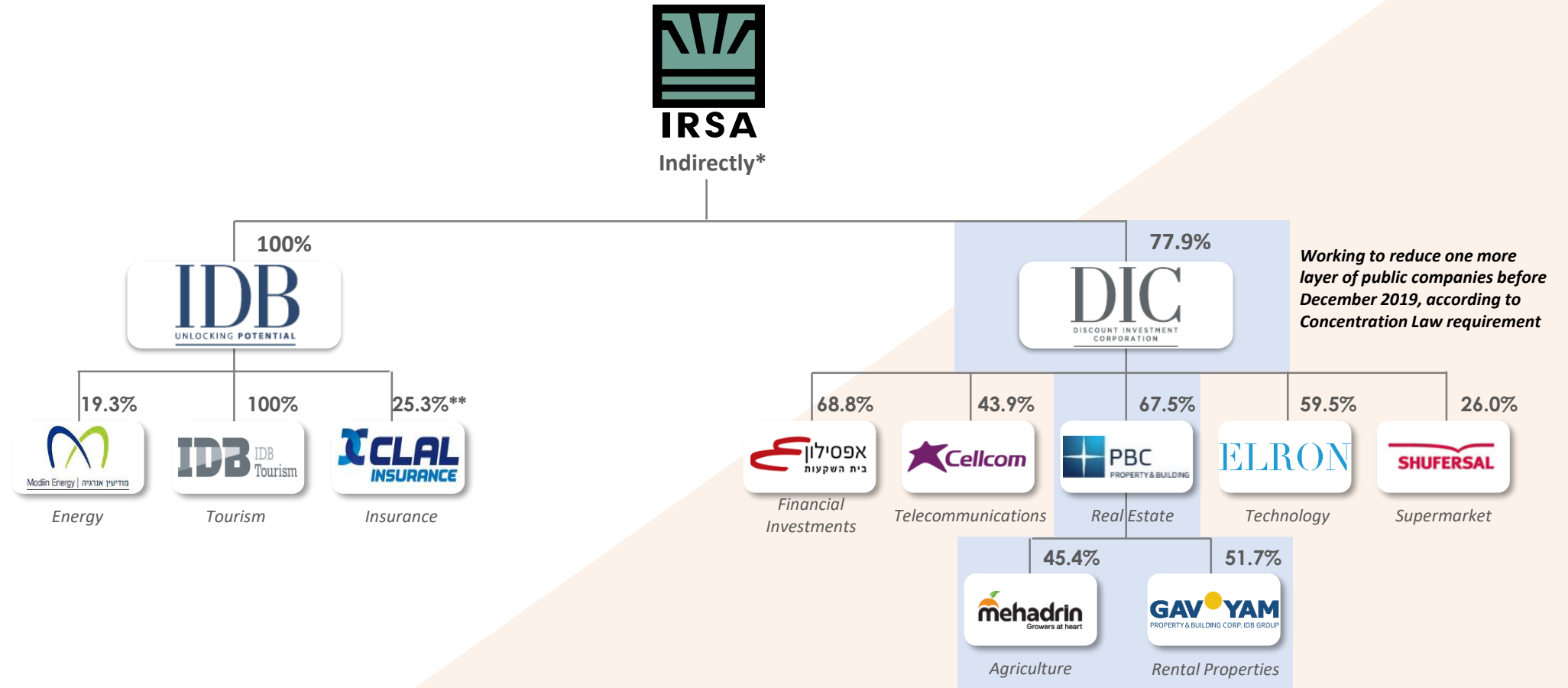
**0.7% stake**  
 NIS 15 mm  
 (+NIS 31 mm option exercise)  
 Current stake: **43.9%**

- **Shares repurchase plan:**  
 Up to NIS 120 mm  
 Period: 1 year (until Dec-2019)  
 Remaining floating capital stock: **no less than 10.1%**  
**As of Dec-2018 2.1 mm shares already repurchased (NIS 9 mm)**
- **Dividend distribution (Feb-2019): NIS 100 mm** (NIS 60 mm in kind – IDB Series 9 Bond – and NIS 40 mm in cash)



# Investment in IDB & DIC – Israel

Current Corporate Structure (as of dec-18)



\* 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.

\*\* 29.6% stake sold through local swap transactions, holding economic rights for 54.9%.



# PBC (67.5% DIC stake) & Gav Yam (51.7% PBC stake)

## Leading Real Estate companies in Israel



Market Cap  
USD 523 MM



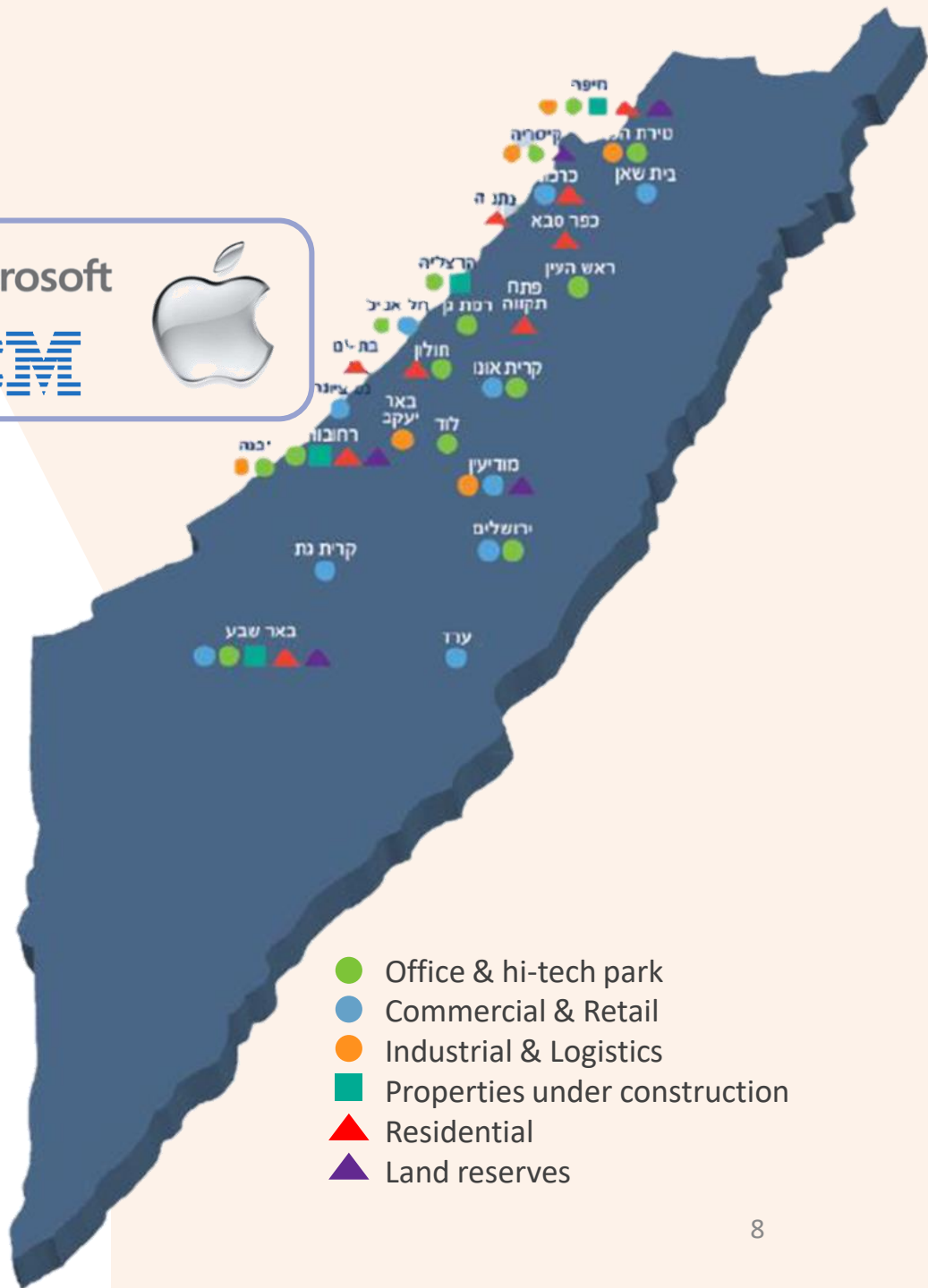
USD 1,010MM

1,160,000 sqm  
in Israel

670,000 sqm  
Land reserve

97%  
occupancy

142,000 sqm  
in USA







# Real Estate projects under development in Israel



REHOVOT: 3 of 4 buildings finished

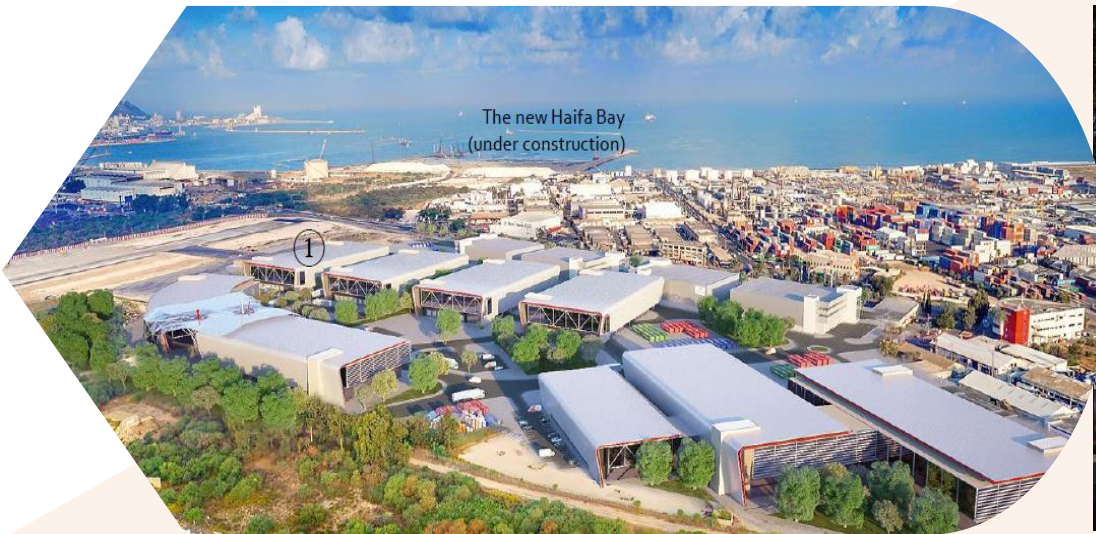
**8** Projects  
**194,000** sqm



MATAM-YAM: Recently finished  
Amazon main tenant



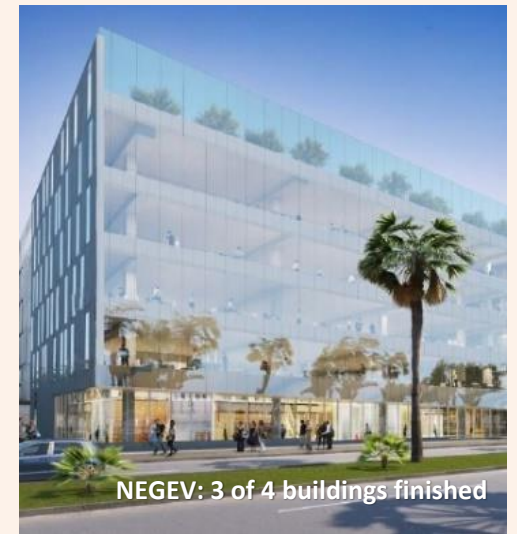
TOHA: 95% already leased. Opening during 2H FY 2019



The new Haifa Bay (under construction)



The New Haifa Bay – Logistic Center  
Opening during 2H FY 2019



NEGEV: 3 of 4 buildings finished



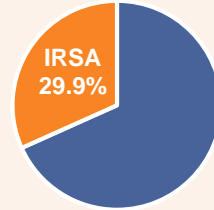


# Argentina Business Center – Banco Hipotecario

## Main Events for 6M FY 2019



Ownership



### 2019 main work fronts:

- **Liabilities:** to preserve cash and long term deposits, adjusting rates to market changes.
- **Assets:** increase of commissions, fees and preservation of the quality of the portfolio in a context of higher delinquency rates.
- **Balance Sheet equilibrium:** preserving the solvency and liquidity, with focus on the funding.

### Results to IRSA

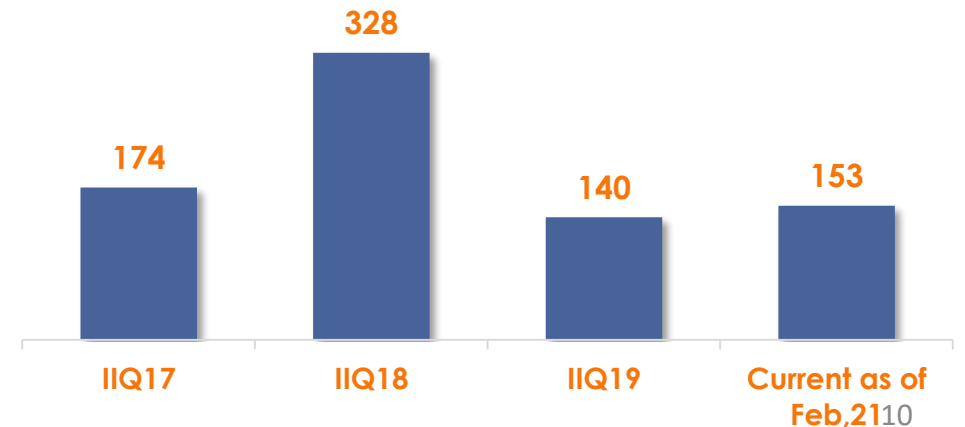
- The bank has generated a loss of ARS 79 million during 6M 19 compared to a gain of ARS 309 million during 6M 18, mainly explained by the Implementation of IFRS 9.

### Share Price evolution



### Market Value to IRSA

(USD million)





**IRSA**

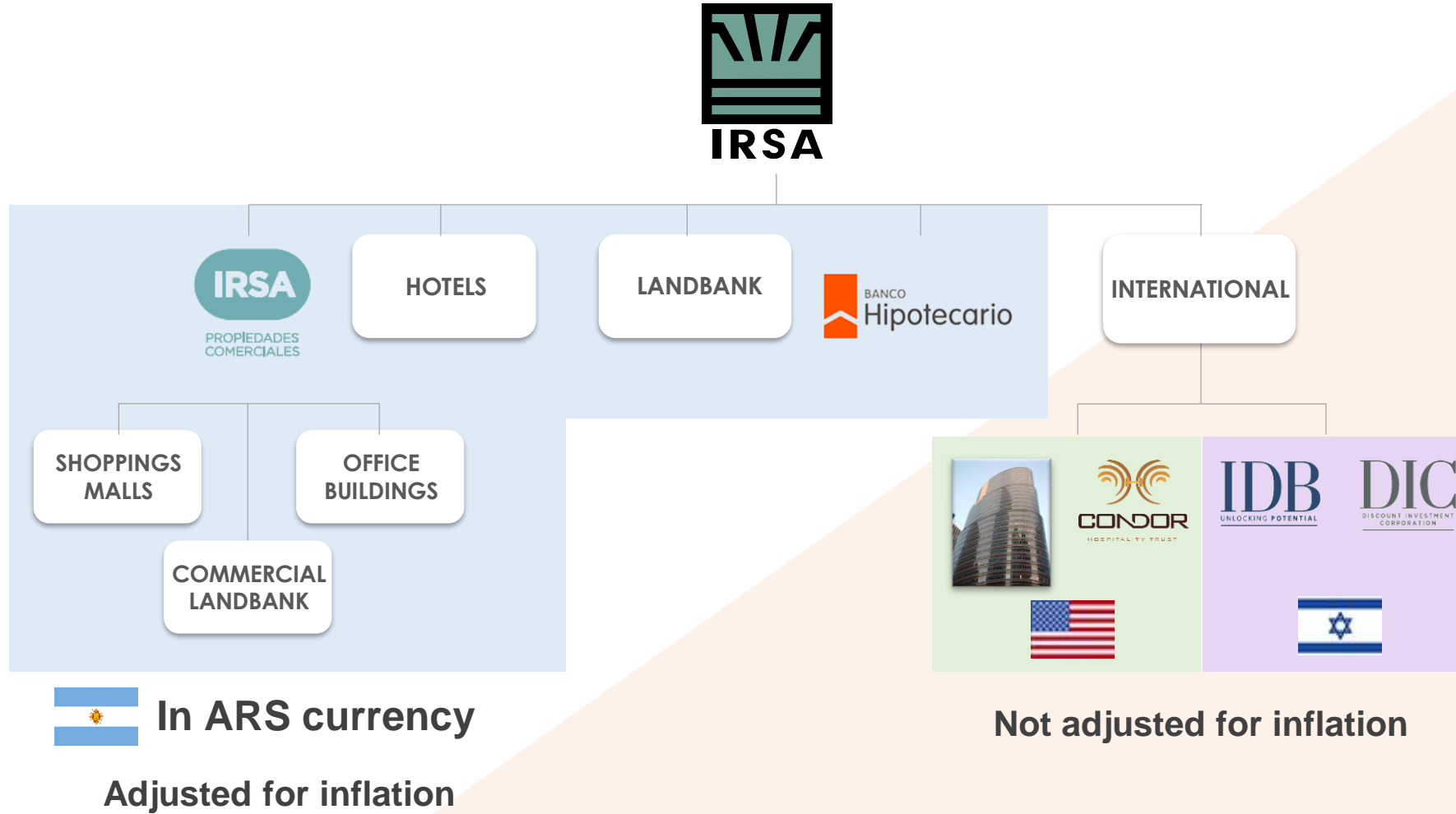
# Financial Results







# Adjustment for Inflation - Impact on IRSA





IRSA

# Adjustment for Inflation - Impact on Assets

## Investment Properties

Shopping Malls



Office Buildings



Land Reserves



**Valued at Fair value**

### Balance Sheet

No impact

### Income Statement

Segregation of net gain/loss between: (i) real FV adjustment gain/loss, and (ii) inflation adjustment

## Other Assets

### Property, Plant & Equipment

#### Hotels

(Sheraton, Intercontinental, Llao Llao)

### Properties for Sale

IRCP Properties for sale  
Caballito plot  
Casona Abril  
Pereira Iraola lots

### Intangibles

Goodwill  
Software  
Rights of use (Distrito Arcos)  
Right to receive units (Barter agreements)

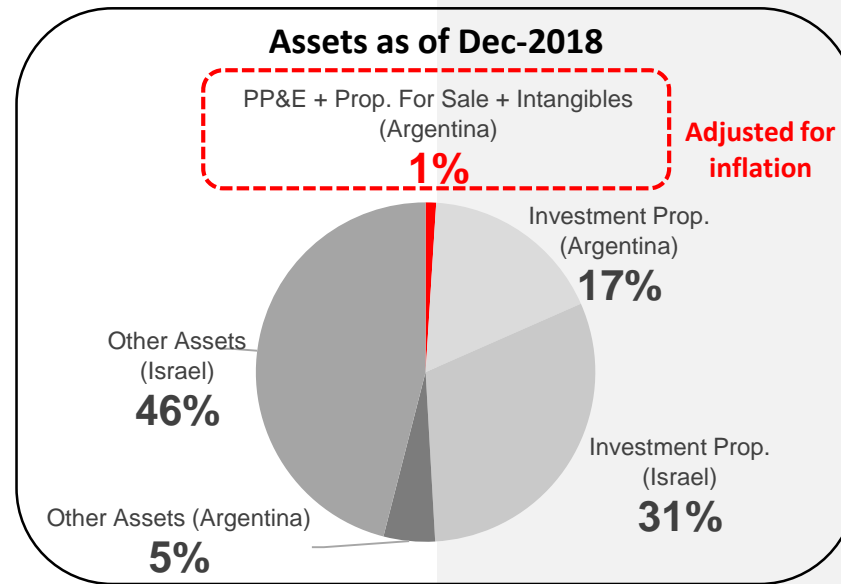
**Valued at historical cost adjusted for inflation**

### Balance Sheet

Items are adjusted for inflation since incorporation or the beginning of the period, if later.

### Income Statement

- a. Annual inflation gain/loss reflected in a separate P&L item "Inflation Adjustment"
- b. Increased depreciation charge for the year due to PP&E inflation adjustment



## Liabilities - Deferred Revenues

(Admission rights and Rent and Service payments received in advance)

**Valued at historical cost  
adjusted for inflation**

**Balance Sheet**

**Income Statement**

Items are adjusted for inflation since collection.

- a. Annual inflation gain/loss reflected in a separate P&L item "Inflation Adjustment"
- b. Increased Revenues due to adjusted accrual of Admission rights, Rent and Services collected in advance.

## Shareholders' Equity

- Adjustment by inflation of equity accounts from the beginning until the end of the period generates an impact in P&L reflected in "Inflation Adjustment" line item.
- **Currency translation adjustment from foreign Investments:** Segregation between inflation and real currency depreciation
  - Real currency depreciation -> impact remains in Equity
  - Inflation -> impact in **P&L**





# Adjusted EBITDA by Segment IIQ FY 2019

(ARS millions)

<b>Urban Segment: Argentina Business Center</b>	<b>6M 2019</b>	<b>6M 2018</b>	<b>Var %</b>
Shopping Malls	2,062	2,286	-10%
Offices	409	281	46%
Hotels	305	46	563%
Sales & Development	-166	284	-159%

<b>Israel Business Center</b>	<b>6M 2019</b>	<b>6M 2018</b>	<b>Var %</b>
Real Estate	3,312	2,431	36%
Telecommunications	2,790	3,013	-7%
Others	5	118	-96%



# Consolidated Financial Statements IIQ FY 2019

(ARS millions)

## P&L

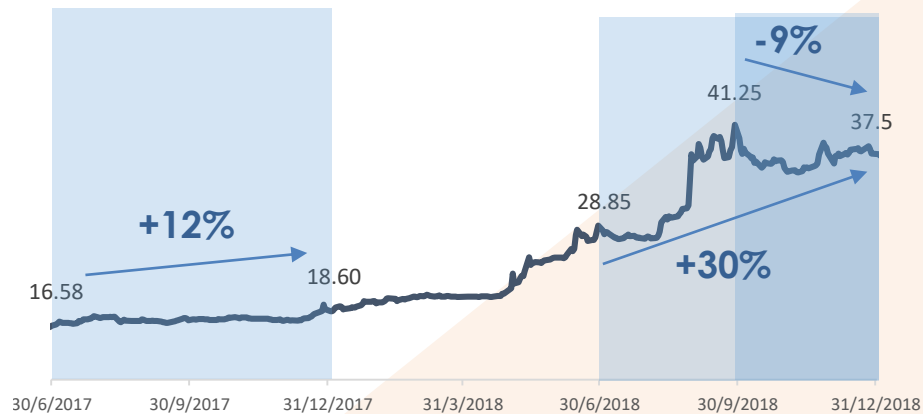
		Argentina Business Center			Israel Business Center			Total		
		6M 2019	6M 2018	Var %	6M 2019	6M 2018	Var %	6M 2019	6M 2018	Var %
1	Revenues	5,730	5,420	6%	22,149	18,312	21%	27,879	23,732	17%
2	Costs	-1,978	-2,192	-10%	-14,305	-11,229	27%	-16,283	-13,421	21%
<b>3</b>	<b>Gross Profit</b>	<b>3,752</b>	<b>3,228</b>	<b>16%</b>	<b>7,844</b>	<b>7,083</b>	<b>11%</b>	<b>11,596</b>	<b>10,311</b>	<b>12%</b>
4	Change in Fair Value	-6,231	8,459	-174%	780	1,747	-55%	-5,451	10,206	-153%
5	S,G&A Expenses	-1,162	-903	29%	-5,501	-5,124	7%	-6,663	-6,027	11%
6	Other Net Operating Results	-164	-50	228%	511	1,129	-55%	347	1,079	-68%
<b>7</b>	<b>Operating Income</b>	<b>-3,805</b>	<b>10,734</b>	<b>-135%</b>	<b>3,634</b>	<b>4,835</b>	<b>-25%</b>	<b>-171</b>	<b>15,569</b>	<b>-101%</b>
8	Results from associates and JV	-384	468	-182%	-321	-367	-13%	-705	101	-798%
9	Net Financial Results	-2,345	-830	183%	-4,823	-7,377	-35%	-7,168	-8,207	-13%
10	Income Tax	2,134	3,627	-41%	-254	-261	-3%	1,880	3,366	-44%
11	<i>Current Tax</i>	-112	-486	-77%	-363	-580	-37%	-475	-1,066	-55%
12	<i>Deferred Tax</i>	2,246	4,113	-45%	109	319	-66%	2,355	4,432	-47%
<b>13</b>	<b>Net Income from continuing operations</b>	<b>-4,400</b>	<b>13,999</b>	<b>-131%</b>	<b>-1,764</b>	<b>-3,170</b>	<b>-44%</b>	<b>-6,164</b>	<b>10,829</b>	<b>-157%</b>
14	Net Income from discontinuing operations	-	-	-	<b>717</b>	<b>1,291</b>	<b>-44%</b>	<b>717</b>	<b>1,291</b>	<b>-44%</b>
<b>15</b>	<b>Net Income</b>	<b>-4,400</b>	<b>13,999</b>	<b>-131%</b>	<b>-1,047</b>	<b>-1,879</b>	<b>-44%</b>	<b>-5,447</b>	<b>12,120</b>	<b>-145%</b>
<b>Attributable to:</b>										
<b>16</b>	<b>Controlling Interest</b>									
<b>17</b>	<b>Non-controlling Interest</b>									
<b>2+5</b>	<b>Total Costs + Expenses</b>	<b>-3,140</b>	<b>-3,095</b>	<b>1%</b>	<b>-19,806</b>	<b>-16,353</b>	<b>21%</b>	<b>-22,946</b>	<b>-19,448</b>	<b>18%</b>

# Consolidated Financial Statements IIQ FY 2019

(ARS millions)

Net financial Results		Argentina Business Center			Israel Business Center			Total		
		6M 2019	6M 2018	Var %	6M 2019	6M 2018	Var %	6M 2019	6M 2018	Var %
1	Net Interest, loss	-1,464	-793	85%	-5,187	-4,690	11%	-6,651	-5,483	21%
2	Net Foreign Exchange, loss	-1,525	-123	1,140%	150	148	1%	-1,375	25	-5,600%
3	FV gain from financial assets and liabilities	819	193	324%	52	737	-93%	871	930	-6%
4	Inflation Adjustment	-387	-186	108%	-	-	-	-387	-186	108%
5	Other Financial Results	212	79	168%	162	-3,572	-105%	374	-3,493	-111%
6	<b>Net Financial Results</b>	<b>-2,345</b>	<b>-830</b>	<b>183%</b>	<b>-4,823</b>	<b>-7,377</b>	<b>-35%</b>	<b>-7,168</b>	<b>-8,207</b>	<b>-13%</b>

**Nominal Exchange Rate evolution (ARS/USD)**  
6M19 vs 6M18



**CLAL Insurance share evolution (NIS)**  
6M19 vs 6M18





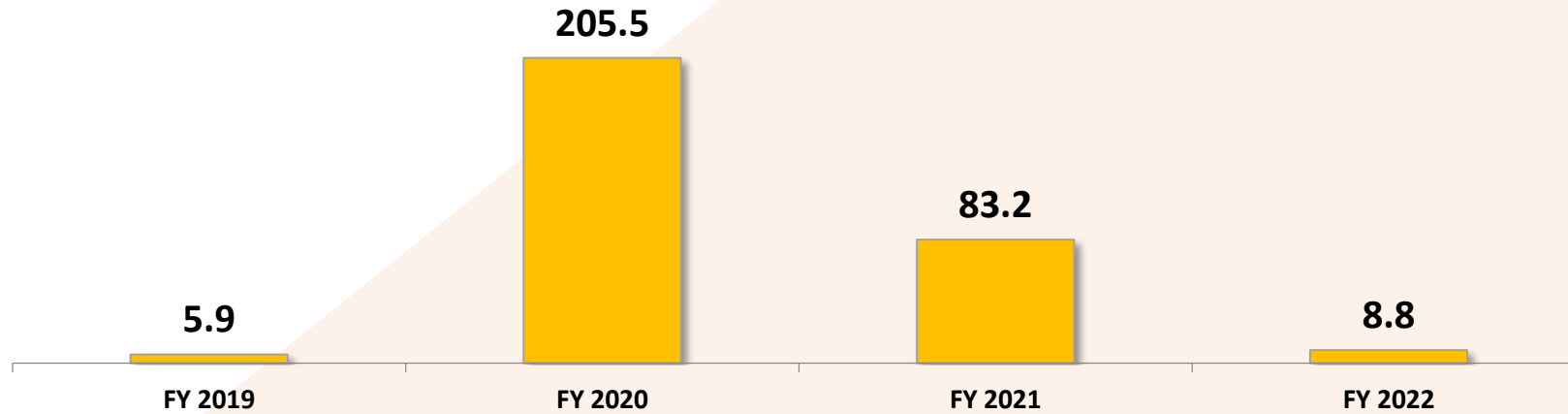


# Net Debt as of December 31, 2018\*

(USD millions)

<b>IRSA Net Debt</b>	<b>294.2</b>
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## Amortization Schedule



\*Does not include IRCP & IDB/DIC debt



## Contact Information

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## 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 2018 ended June 30, 2018, which are available for you in our web sites.