

DIC Publishes Its Q2 2018 Results

Net asset value (NAV) as at August 22, 2018 amounted to approximately NIS 1.9 billion

Net profit in Q2 2018 amounted to NIS 1,185 million, as compared with loss of NIS 261 million as at March 31, 2018

Q2 results included profit in the amount of NIS 1,232 due to the sale of 16.6% of Shufersal shares and loss of control

The current LTV rate amounts to 57%, as compared with approximately 61% in Q1 2018; the decrease was mostly due to the sale of 16.6% of Shufersal shares

In August, the rating company S&P Maalot announced the ratification of the company's rating of BBB+ stable outlook.

Sholem Lapidot, the company's General Manager: "During the quarter, DIC realized a significant number of Shufersal shares, in consideration of a total of approximately NIS 850 million, demonstrating the company's ability to realize some of its assets quickly, while unlocking significant value and reducing leverage. Even after the realization, we remain the largest shareholder of Shufersal, benefitting from significant business potential, as well as strong and high quality management.

In Cellcom, we supported the company and participated in the company's share issuance, in which it raised a total of approximately NIS 280 million. This successful issuance represents an expression of trust on our part, and on the part of the other shareholders, in company management and in the company's ability to handle the ongoing changes in the telecommunication sector. The business developments, diversification and processes which have been led by us during the quarter testify once again to our strategic approach, placing an emphasis on upgrading and investing in assets over time, along with active portfolio management, to boost long term financial stability."

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Main points

- The contributions of investees to DIC's profit in Q2 amounted to profit of NIS 1,249, as compared with profit of NIS 23 million in the corresponding quarter last year. The company concluded the first half of 2018 with net profit in the amount of NIS 924 million, as compared with loss in the amount of NIS 162 million in the first half of 2017.
- The value of DIC's holdings in investees amounted to approximately NIS 4.5 billion as at August 22, 2018.
- In June 2018, a transaction was completed in which the company sold 16.6% of Shufersal's issued share capital, for a net total consideration of NIS 848 million, and the company's stake in Shufersal's issued share capital decreased to approximately 33.6%. Due to the sale and loss of control, DIC recorded profit in the amount of NIS 1,232 million.
- Due to the transaction involving the sale of 16.6% of Shufersal's issued share capital, for a net total consideration of NIS 848 million, the company's leverage decreased, such that the LTV ratio decreased from approximately 61% as at March 31, 2018 to approximately 57% as at August 22, 2018.
- Capital attributed to the company's owners as at June 30, 2018 amounted to NIS 2,679 million, as compared with NIS 1,704 million in the corresponding quarter last year. The increase was mostly due to the transaction involving the sale of Shufersal shares and the loss of control.
- The company's total liquid resources as at August 22, 2018 amounted to approximately NIS 2,445 million, an increase of NIS 1,683 million relative to DIC's total liquid resources as at March 31, 2018.
- The company's net debt as at August 22, 2018 amounted to approximately NIS 2.54 billion, as compared with approximately NIS 29.3 billion as at March 31, 2018.
- The average lifetime of DIC's liabilities as at June 30, 2018 amounted to 4.30 years, as compared with 3.75 years as at June 30, 2017. The extension of average lifetime was due to the partial exchange of debentures (Series 6 by Series 10) in September 2017, and the issuance of debentures by way of an extension of Series 10 in December 2017.
- After the balance sheet date, DIC acquired approximately NIS 7.9 million debentures of IDB Development (Series 9) at an average price of NIS 0.85, and approximately NIS 20.1 million debentures of IDB Development (Series 14) at an average price of NIS 0.87. The acquisitions were made as part of the company's liquidity management policy. The company also acquired approximately NIS 9.9 million debentures of DIC (Series 10), at an average price of NIS 0.90.
- Cellcom raised approximately NIS 280 million in the second quarter. As part of the issuance, DIC acquired approximately NIS 6.3 million shares, in the amount of approximately NIS 145.9 million. The company also executed a swap transaction for approximately NIS 15.1 million shares.

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Following the acquisitions, the company's stake in Cellcom increased to approximately 44.2%; and in voting rights, to approximately 47.2%.

- DIC's net asset value (NAV, based on the market value of its primary investments) proximate to the approval date of the financial statements amounted to approximately NIS 1,930 million.

Company name	Stake	Market value as at August 22, 2018	Value of stake NIS millions
Cellcom*	43.1%	2,580	1,115
Property & Building	64.4%	1,773	1,143
Shufersal	33.6%	5,482	1,840
Elron	50.3%	383	193
Epsilon	68.8%		67
Other investments			111
Total assets			4,469
Net financial debt as at August 22, 2018			(2,539)
NAV			1,930
LTV			57%

* Not including 1.15 million Cellcom shares in a swap transaction, including options with respect to Cellcom's share issuance.

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