

Arabtec Holding PJSC

FY 2017 AUDITED EARNINGS RELEASE

15th March, 2018

Dubai, UAE – 15th March 2018: Arabtec Holding PJSC (“Arabtec” or “Group”), a leading contractor for social and economic infrastructure, today announced its audited financial results for the fiscal year ending 31 December 2017. The Group recorded a revenue of AED 9.1 billion for the full year and AED 2.8 billion for 4Q17. Net profit to parent reached AED 123.1 million for FY17 and AED 48 million for 4Q17. Furthermore, the Board of Directors is recommending the distribution of a final cash dividend of 2.05 fils per share for FY17, for shareholder approval at the Annual General Assembly Meeting. The last cash dividend paid out by Arabtec was in 2012.

The Group’s backlog remained strong at AED 17.2 billion, well-supported by a number of quality awards including most recently, Forte Phase 2 from Emaar, Villanova from Dubai Properties and the Opera District from Tav Tepe Akfen Construction which contributed AED 2.2 billion in 4Q17.

In 2017, Arabtec stabilised the business, while refocusing on the Group’s vision and values. This was vital to the future of the business following the significant challenges Arabtec faced in 2016. In June 2017, the company raised AED 1.5 billion through a rights issue and extinguished the company’s accumulated losses through a capital reduction which strengthened the Group’s capital structure. The Recapitalisation Programme underpinned the sustainability of the company and provided Arabtec with a solid foundation for growth.

Group Chief Executive Officer Hamish Tyrwhitt said: “To support the delivery of our key objectives, we have strengthened our management team through a number of key senior appointments that have brought significant regional and international experience to the Group. This is positively impacting the business through a more performance-driven culture with clearer accountability driven by rigorous project and business reporting together with regular reviews and a strong emphasis on cash collection and closing out legacy projects”.

Highlights

In Q4 2017 major new wins included the Forte Phase 2 contract from Emaar Properties (AED 950 million), Villanova contract from Dubai Properties (AED 1.0 billion) and the Opera District project from Tav Tepe Akfen Construction (AED 250 million)

Revenue increased to AED 9.1 billion in FY17 compared to AED 8.2 billion in FY16; up ▲ 12% y-o-y. Revenue in 4Q17 was up ▲ 33.1% q-o-q at AED 2.8 billion

Net profit attributable to Parent was AED 123.1 million compared to a net loss of AED 3.4 billion in FY16. In 4Q17, net profit to parent was ▲ up 169.7% q-o-q AED 48.0 million

Backlog of AED 17.2 billion at 31 December 2017 with a solid pipeline of tender opportunities across the Group going forward

Earnings per share 0.08 compared to a loss of 0.74

EBIT was AED 211.8 million up from a loss of AED 3,424.7 million in 2016

The BoD proposes cash dividend of 2.05 fils per share for the year ended 31 December 2017 payable 30 days after the Annual General Assembly Meeting

The Group reported a solid backlog of AED 17.2 billion, supported by new project awards across all operating companies. Arabtec remains confident that the strength and quality of the new work pipeline in the UAE and the region will continue to support the Group's growth aspirations.

A series of robust risk management tools have been cascaded across the business to strengthen governance around tendering new work through the roll-out of the 4-Gate Work-Winning Process. This has provided Arabtec with a clearer understanding of addressable markets including core competencies, geographies, sectors and clients.

Arabtec has also been focusing on integrating its core operations and continues to assess all operating companies and investments to ensure it leverages synergies within the Group to deliver a competitive market advantage. In the second half of 2017, the company divested its 14.6% stake in Jordan Wood Industries PSC, a listed Jordanian company, which manufactures office and household furniture as well as its 67% stake in House of Equipment which specialises in trading and rental of heavy construction equipment. The Group sees further opportunities to better align the business in 2018. This will be reflected in productivity and efficiency improvements.

Hamish Tyrwhitt said: "In 2018, our focus moves to re-basing the business through a range of initiatives focused on productivity, efficiency, innovation and strengthening the balance sheet. Operationally, we will be looking closely at applying innovative approaches to enhance our work and delivery methodologies. With a solid performance in 2017, I look forward to the year ahead as we continue our path towards sustainable growth and shareholder returns. I would like to extend my appreciation to the Board, our employees and the shareholders along with the broader Arabtec community for their ongoing support."

Financial Performance Review

AED (mn)	1Q17	2Q17	3Q17	4Q17	FY 2017	FY 2016
Revenue	2,171	2,074	2,100	2,796	9,141	8,185
EBIT	26.3	61.8	41.3	82.6	211.8	(3,424)
EBIT Margin (%)	1.2%	3.0%	2.0%	3.0%	2.3%	nm
Net Profit/ (Loss) for the period	1.0	40.7	10.3	45.0	97.0	(3,511)
Margin (%)	0.05%	1.98%	0.49%	1.61%	1.06%	nm
Net Profit (Loss) attributable to equity holders of the parent	17.6	39.7	17.8	48.0	123.1	(3,409)
Net (Loss) attributable to Non-Controlling Interest	(16.50)	1.0	(7.50)	(3.00)	(26.10)	(102.00)

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About Arabtec Holding

A leading engineering and construction Group specialising in projects in the Middle East and North Africa. Through its operating companies and investments, the Group delivers construction and infrastructure projects, including commercial, residential, social, industrial and economic infrastructure in UAE and other selected countries in the region. The UAE-based group's list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, Abu Dhabi landmark, the Emirates Palace Hotel and Louvre Abu Dhabi Museum; as well as other technically challenging work on airports and related infrastructure. In 2005, Arabtec became the first construction company to be listed on the Dubai Financial Market. Today, Arabtec Holding consists of operating companies which span all segments of the construction cycle. The group is currently working on some of the most prestigious projects in the Middle East, such as the UAE Pavilion and the Midfield Terminal Building in Abu Dhabi.

Investor Relations Contact

Sara Shadid

Head of Investor Relations

✉ ir@arabtecholding.com

☎ +971 (0) 2 333 7798

For more information, please visit

www.arabtecholding.com

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