

Arabtec Holding PJSC

3Q 2018 EARNINGS RELEASE

Net Profit to Parent Up 140% Y-o-Y at AED 181 Million | Revenue Up 12.7% Y-o-Y at AED 7.2 Billion

Dubai, UAE – 7th November 2018: Arabtec Holding PJSC (“Arabtec” or “Group”), a leading contractor for social and economic infrastructure, today announced its financial results for 3Q 2018. The Group recorded a net profit to parent of AED 181 million on revenue of AED 7.2 billion for the 9 months ending 30 September 2018.

In 3Q 2018, debtor days reduced by a further 2 days to 166 days contributing to a positive net cash from operating activities of AED 193 million. Consistent with the Group’s strategic priority to strengthen the balance sheet, net debt to equity ratio improved to 1.07x compared to 1.2x at 30 June 2018. Moelis & Co have recently been appointed to advise and assist Arabtec with debt financial modelling, structuring options and engagement with finance providers.

The Group’s backlog increased to AED 16.4 billion, reflecting the Group’s increasing focus on social and economic infrastructure and industrial sectors. Backlog is supported by a strong AED 45.8 billion pipeline of identified opportunities within Arabtec’s addressable market.

Moving towards 2019, the Group continues to simplify the business through standardised processes and enabling tools and the removal of duplicated functions and activities through shared services and outsourcing. Arabtec continues to review non-core assets which are not considered key to the business for divestment or development.

Group Chief Executive Officer Hamish Tyrwhitt said: ‘I am pleased to report another positive quarter of results. Debtors days are continuing to decrease through our efforts to close out completed projects and shorten the payment cycle for current projects. This has contributed to a further improvement in cash from operations and an AED 146 million reduction in net debt. Strengthening the balance sheet remains a strategic priority going into 2019.

The AED 3.2 billion award by ADNOC LNG to Target Engineering and Tecnicas Reunidas and further infrastructure work awarded to Arabtec Engineering Services highlights our progress in building a stronger presence in the infrastructure and industrial sectors. Both of these sectors offer a strong pipeline of addressable opportunities, which we are well-positioned to pursue.’

Highlights

In 3Q 2018 new wins included the AED 3.2 billion award by ADNOC LNG to the Target Engineering Consortium with Tecnicas Reunidas; and AED 155 million contract awarded by Dubai Municipality to Arabtec Engineering Services for sewerage and drainage infrastructure works

Revenue increased to AED 7.2 billion in 3Q 2018 compared to AED 6.3 billion in 3Q 2017; up 12.7% y-o-y ▲

Net profit attributable to Parent was AED 181 million compared to AED 75 million in 3Q 2017 up 140% y-o-y ▲

Backlog AED 16.4 billion at 30 Sep 2018 supported by a solid pipeline of tender opportunities in infrastructure and industrial sectors ▲

EBIT was AED 271 million up from AED 129 million as at 9M 2017

Financial Performance Review

AED (million)	3Q 2018	3Q 2017	Variance
Revenue	7,152	6,346	12.7%
EBIT	271	129	110%
EBIT Margin (%)	3.8%	2%	180bps
Net Profit for the period	182	52	250%
Margin (%)	2.5%	1.1%	140bps
Net Profit attributable to the owners of the parent	181	75	140%

- End -

About Arabtec Holding

A leading engineering and construction Group specializing 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.

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