

FY 2018 Investor Presentation

February 2019



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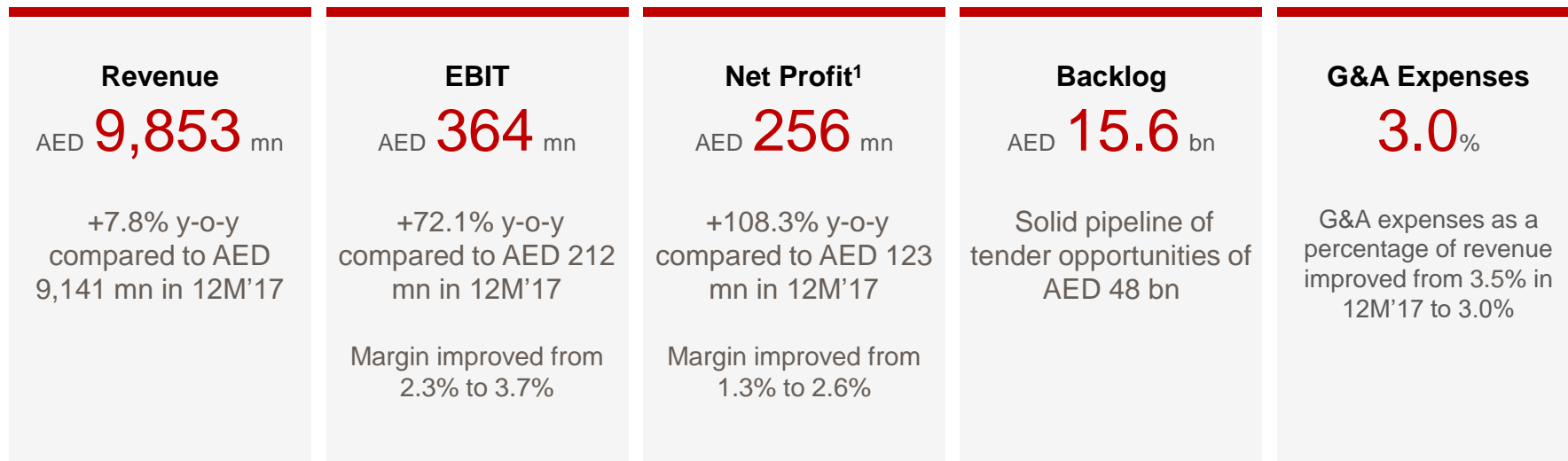
Backlog and new contract awards are non-IFRS metrics based on management’s estimates of awarded, signed and ongoing contracts which have not yet been completed, and serve as an indication of total size of contracts to be executed. These figures and classifications are unaudited, have not been verified by a third party, and are based solely on management's estimates.

Performance Highlights

Robust revenue growth and operational efficiency driving profitability

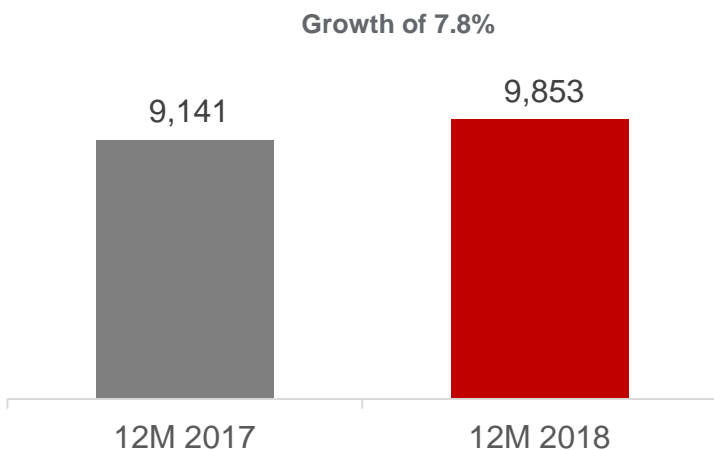


12M 2018 vs 12M 2017

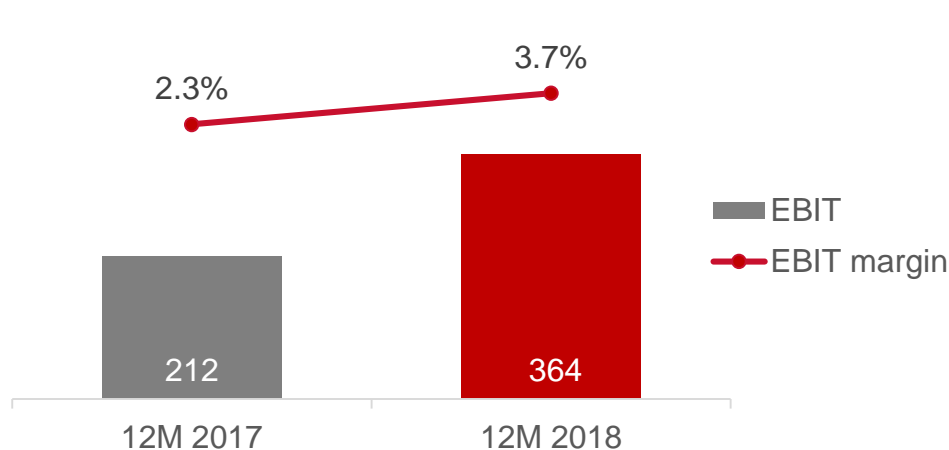


1. Net profit attributable to parent

Revenue (AED mn)



EBIT (AED mn)



2018 Key Project Awards

Leveraging strength in core sectors and diversifying into infrastructure projects



Gas Development Expansion
(ADNOC LNG)
AED 3.2 billion



Luxury Villas at AKOYA Oxygen
(DAMAC Properties)
AED 992 million



Sewerage Infrastructure
(Dubai Municipality)
AED 588 million



MEP for Bu Hasa Oil Project
(Tecnicas Reunidas)
AED 521 million



Public Realm in Concourses
(Expo 2020)
AED 311 million



Luxury Residential Towers
(DAMAC Properties)
AED 353 million



MEP for Opera District
(TAV Tepe Akfen)
AED 250 million



Villas at Villanova, Dubai
(Dubai Properties)
AED 521 million



Uptown Cairo
(Emaar Misr)
AED 157 million



Creekside Horizon
(Emaar Properties)
AED 117 million

Strategic Roadmap

Key focus on strategic alignment of the Group to its vision, mission and values



Strategic Roadmap

Successfully executed phase 2 of the Strategic Roadmap



1

Consistently secured annual backlog of new projects of at least AED 8-9 billion at Group level



2

Maintained leaner organisation with G&A expenses at target benchmark level



3

Ensured on-time and on-budget delivery of projects



4

Risk management framework



5

Remuneration framework



6

Capital recycling



✓ Completed ⌚ Progressing

Performance Highlights

Achieve strategic priorities for the year



Contract Wins

Gas Development Expansion (ADNOC LNG), Villas at AKOYA Oxygen (DAMAC properties), Sewerage Infrastructure (Dubai Municipality), MEP for Bu Hasa Oil Project (Tecnicas Reunidas)



Receivables

Improved receivables collection and debtor days reduced by 31 days from 186 days in Q4 2017 to 155 in Q4 2018



Market Presence

Strengthening regional footprint on selected countries including UAE, KSA, Egypt & Bahrain as well as building presence in the infrastructure space



Cashflow

Net cash from operating activities improved to AED 924 mn in 12M 2018 compared to negative cash from operating activities in 12M 2017 of AED 1,337 mn



Productivity

G&A has seen a consistent reduction to reach 3.0% of revenue compared to 3.5% in 12M 2017



Balance Sheet

Net debt decreased by AED 702 mn from AED 1,490 mn in Q4 2017 to AED 787 mn in Q4 2018. Net debt to equity ratio decreased from 1.11x in Q4 2017 to 0.56x in Q4 2018



Emiritisation

Awarded in three categories and honored by H.E. Nasser Thani Al Hameli, the Minister of Human Resources in the Emiratization Government Accelerator Program

Strategic Priorities 2019

Rebasing the business through a range of initiatives



Productivity

- Measures to increase workforce productivity
- Implement group level solution for manpower planning
- Increase internal subcontracting of workforce

Culture

- Improve safety measure
- Improve communication across stakeholders
- Focus on increasing UAE nationals in workforce

Efficiency

- Remove duplicated functions and activities through shared services and outsourcing
- Simplify and closely integrate the Group's operating structure
- Support international OPCOs through single support center

Responsible Supply Chain

- Procurement of raw materials using Group's strategic procurement platform
- Develop approved supplier list by evaluating existing and new suppliers
- Improve debtor days and creditors days

Sustainability

- Improve net debt to equity ratio
- Continue to divest or develop non-core assets and investments
- Create paperless work environment

Market and Growth

- Achieve target work winning rate
- Pursue opportunities in the infra sector
- Diversify revenue through international projects
- Develop framework & competency to offer other funding solutions for Government projects

Innovation

- Implementation of innovative methods for construction
- Improve cost savings and benefits through integrated supply chain management
- Integrate of BIM and 3D modelling into new projects
- Explore opportunities to reduce waste through the modularisation of building design

Governance

- Complete roll-out of Business Standards across the Group
- Roll-out of policies and procedures to support business standards
- Continue harmonisation of internal control systems
- Establish risk management processes
- Establish group-wide compliance framework
- Implement Oracle Fusion across the group

Income Statement



Revenue growth coupled with consistent G&A improvement and margin enhancement

AED (mn)	Q4 2018	Q4 2017	Variance	12M 2018	12M 2017	Variance
Revenue	2,701	2,796	(3.4)%	9,853	9,141	7.8%
EBIT	93	82	13.9%	364	212	72.1%
Margin (%)	3.5%	2.9%		3.7%	2.3%	
Net Profit for the period	74	45	65.5%	257	97	164.8%
Margin (%)	2.7%	1.6%		2.6%	1.1%	
Net Profit to Parent	76	48	58.6%	256	123	108.3%
Net Profit to Parent Margin	2.8%	1.7%		2.6%	1.3%	

12M 2018

- G&A ratio improved from 3.5% in 2017 to 3.0%
- EBIT margin improved from 2.3% in 2017 to 3.7%
- Net profit margin improved from 1.1% in 2017 to 2.6%
- Net profit to parent margin improved from 1.3% in 2017 to 2.6%

Balance Sheet

Net debt decreased by AED 702 mn in 2018

Balance Sheet (AE mn)	2018	2017
ASSETS		
Non-current assets		
Property, plant and equipment	639	754
Goodwill	249	249
Investment properties	595	596
Trade and other receivables	520	750
Advances paid to suppliers and subcon.	268	291
Investment in associates	209	224
Other non-current assets	68	38
Total non-current assets	2,548	2,902
Current assets		
Trade and other receivables	5,038	5,290
Advances paid to suppliers and subcontractors	978	1,258
Other financial assets	206	182
Due from related parties	576	736
Other current assets	420	452
Cash and bank balances	1,270	1,144
Total current assets	8,487	9,062
TOTAL ASSETS	11,035	11,964

	2018	2017
EQUITY AND LIABILITIES		
Equity		
Share capital	1,500	1,500
Other reserves	(30)	(49)
Retained earnings (accumulated losses)	190	132
Equity att. to equity holders of the Parent	1,660	1,583
Non-controlling interests	(257)	(243)
Total equity	1,402	1,340
Non-current liabilities		
Bank borrowings	621	790
Provision for employees' end of service indemnity	216	201
Retention payable	528	433
Total non-current liabilities	1,365	1,424
Current liabilities		
Bank borrowings	1,436	1,843
Trade and other payables	4,741	4,830
Advances received from customers for contract work	1,591	1,963
Due to related parties	487	553
Income tax payable	13	10
Total current liabilities	8,268	9,199
Total liabilities	9,633	10,624
TOTAL EQUITY AND LIABILITIES	11,035	11,964

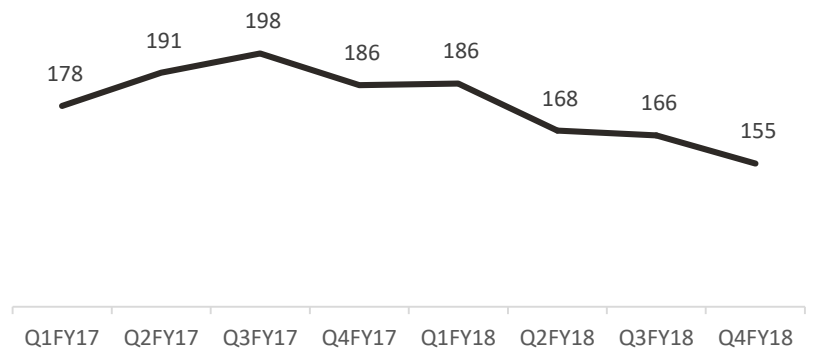
Receivables Analysis



Continued emphasis on cash collection and gradual improvement in debtor days

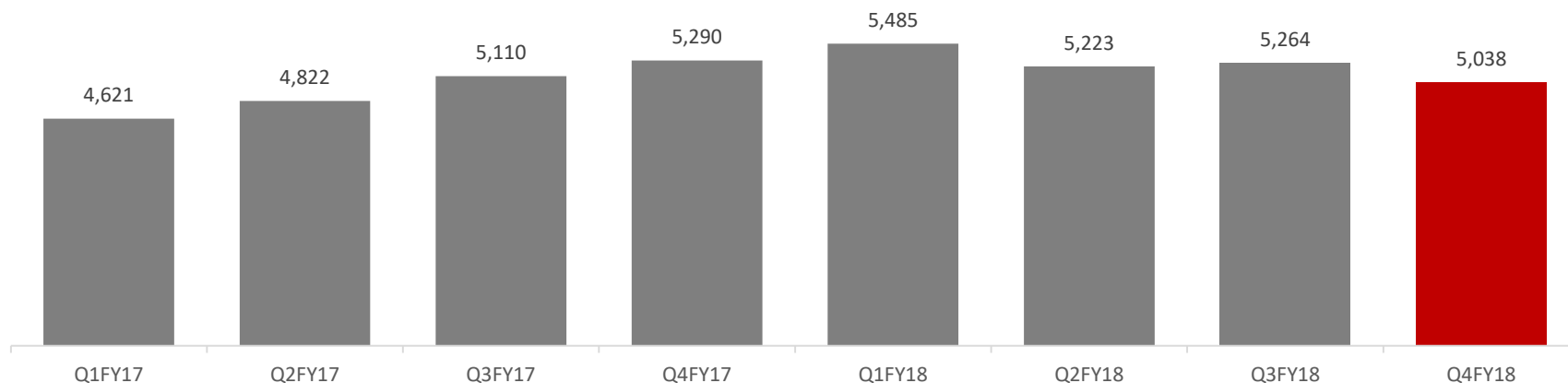
Current Receivables (AED mn)	2018	2017	Change
Contract receivables ⁽¹⁾	1,831	1,876	(45)
Amounts due from customers for contract work ⁽²⁾	2,642	2,981	(339)
Trade and other receivables	55	57	(1)
Provision for doubtful debts	(335)	(264)	(71)
Total (excluding retentions)	4,194	4,650	(457)
Retentions receivable	844	640	204
Trade & other receivables - Current	5,038	5,290	(252)
Advances paid to suppliers and sub contractors	978	1,258	(280)

Debtor Days*



* Calculated based on rolling 12 months actual revenue and excluding retentions

Current Receivables (AED mn)



Notes:

1. Revenue certified and payable by clients
2. Work completed including a. billed but not certified and b. unbilled

Cashflow Statement

Efficient working capital management driving improvement in cashflow generation



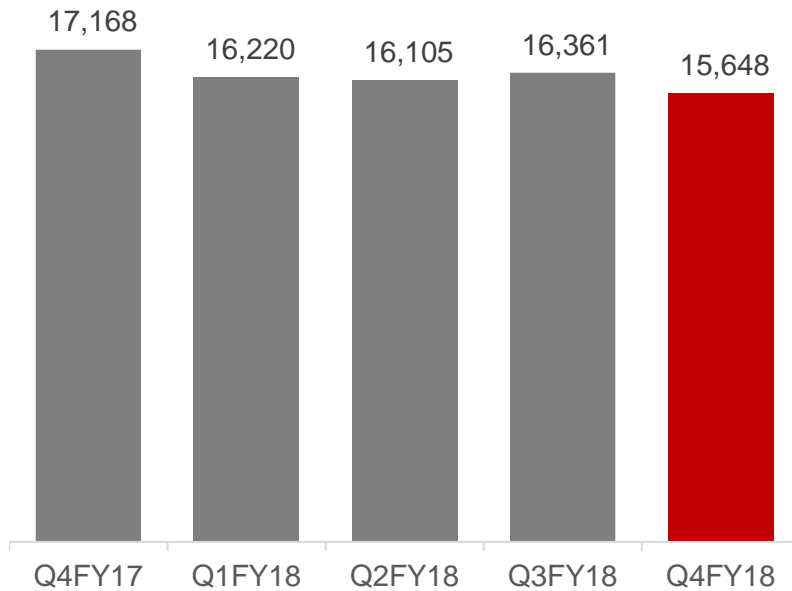
Cashflow Summary (AED mn)	2018	2017
OPERATING ACTIVITIES		
Profit before tax	261	113
Adjustment for:		
Depreciation of PP&E	169	175
Provision for EOS	56	61
Finance costs	111	93
Other non-cash items	(21)	(73)
	576	369
Working capital change:		
Trade and other receivables	378	(1,157)
Advances paid to subcontractors	302	(394)
Due from related parties	138	(408)
Trade and other payables	(74)	(80)
Advances received	(420)	176
Due to related parties	(49)	170
Retentions payable	142	2
Other working capital	3	67
Cash from operating activities	996	(1,255)
EOS paid	(60)	(59)
Income tax paid	(13)	(23)
Cash flows from operating activities	924	(1,337)

	2018	2017
INVESTING ACTIVITIES		
Purchase of PP&E	(60)	(115)
Proceeds from disposal of PP&E	8	25
Net movement in other financial assets	(23)	(67)
Movement in deposits maturing after 3 months	0	(40)
Other investing activities	27	17
Cash flows from investing activities	(48)	(181)
FINANCING ACTIVITIES		
Proceeds / (repayments) of borrowings, net	(327)	259
Dividends	(40)	0
Interest paid	(111)	(93)
Additional share capital issued net of transaction cost	0	1,100
Loan from a related party	0	222
Other financing activities	(13)	(9)
Cash flows from financing activities	(492)	1,479
Increase (decrease) in cash	384	(38)
Cash at the beginning of the period	501	543
Net foreign exchange difference	(9)	(4)
CASH AT PERIOD END	876	501

Backlog

Strong backlog supported by high profile project wins

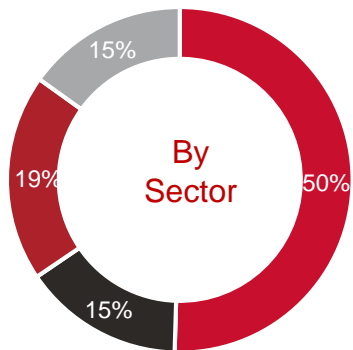
Backlog (AED mn)



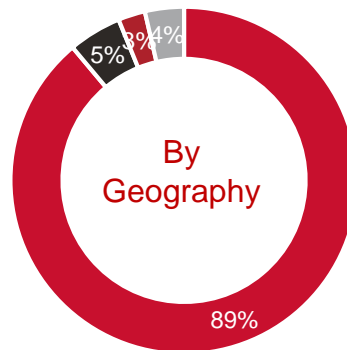
Major Wins (2018)

Project Name.	Value (AED mn)	From	Description
Gas Development*	3,160	ADNOC LNG	Expansion of Phase II
AKOYA Oxygen	992	DAMAC Properties	Construction & MEP of villas
Infrastructure Project	588	Dubai Municipality	Industrial sewerage system
Bu Hasa Project	521	Tecnicas Reunidas	MEP for ADNOC's oil project
Public Realm	311	Expo 2020	Concourses & arrival plazas
Residential Towers	353	DAMAC Properties	Construction of two towers
Opera District	250	TAV Tepe Akfen	MEP for two towers
Villanova	222	Dubai Properties	Construction of villas
Uptown Cairo	157	Emaar Misr	Construction of Phase 3 & 4
Creekside Horizon	117	Emaar properties	MEP

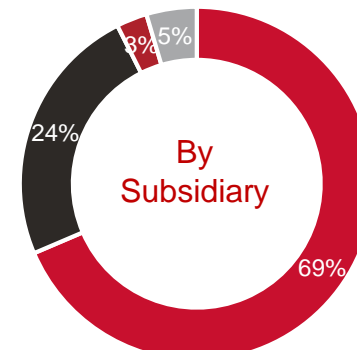
* Group share is 40-50%



- Building
- Economic Infrastructure
- Social Infrastructure
- Industrial



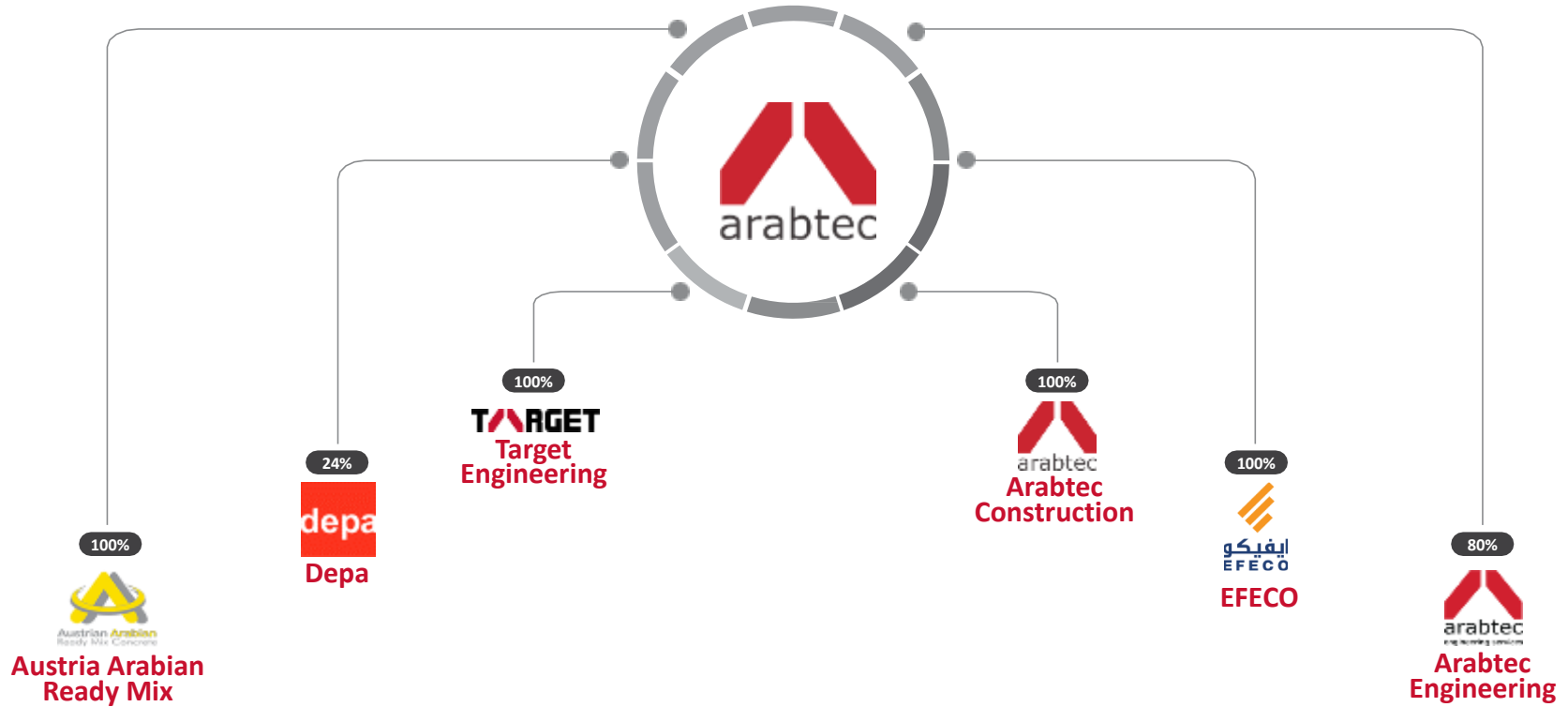
- UAE
- Bahrain
- Kazakhstan
- Others



- Arabtec Construction
- Target
- EFECO
- Others

Integrated Capabilities

Delivering a competitive advantage to the group



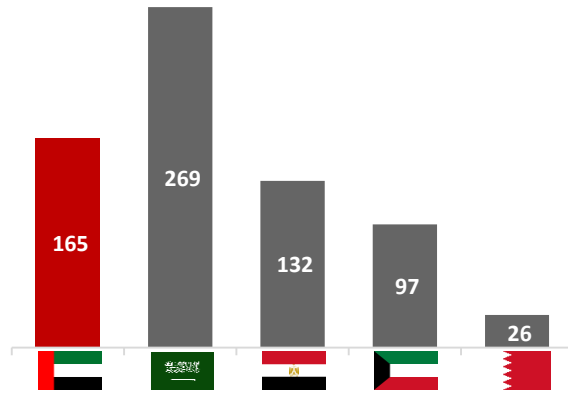
Core Competencies



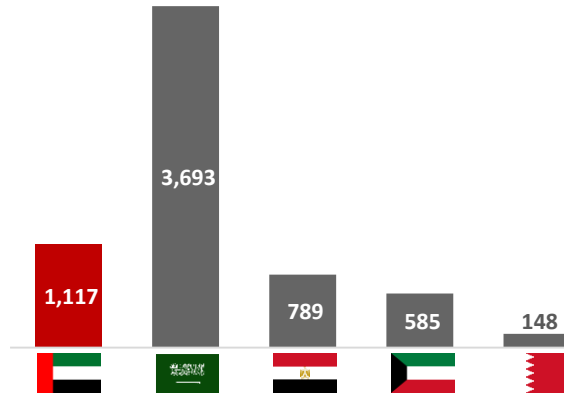
Market Outlook

The UAE construction market is estimated to grow at 6.8% CAGR (2019-23)

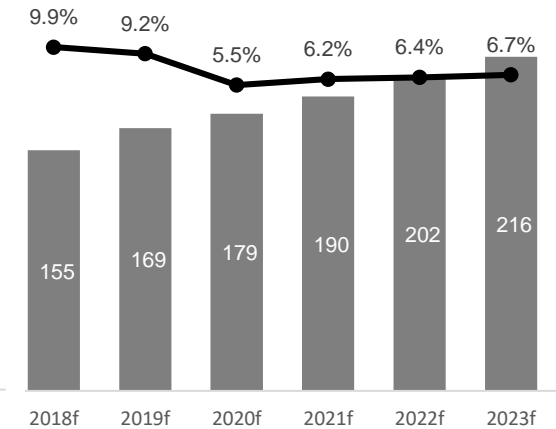
MENA Construction Awards (avg. 2013-17, AED Bn)



MENA Pre-execution Pipeline (AED bn)



UAE Contract Awards (AED)



- Within the MENA region, UAE and KSA are the largest construction markets, and are set to register the highest growth and offer maximum opportunities in the coming years. Egypt is showing huge potential underpinned by political stability and population growth
- The majority of the opportunities in GCC have been in 'Building' and 'Industrial' segments
 - **Building Sector:** accounts to 42% of the addressable market with the mixed use projects contributing to 78% of the sector
 - **Economic Infrastructure Sector:** accounts 24% of the addressable market with Rail & Metro projects contributing 45% of the sector followed by Roads & Bridges contributing 29%
 - **Industrial Sector:** accounts 32% of the addressable market with healthcare projects contributing 39% of the sector followed by sports & recreation contributing 35%.

- The UAE construction market is estimated at AED 169 bn in 2019 and expected to grow at a CAGR of 6.8% over the coming 5 years
- Growth in the UAE construction market is driven by a number of factors including rising oil prices, a growing economy, and Expo 2020.
- Key drivers include:
 - Infrastructure investments in relation to Ghadan 21 stimulus plan, Abu Dhabi vision 2030 and UAE Vision 2021
 - Efforts for economic diversification and focus on non oil sectors like tourism & finance
 - Government-supported infrastructure projects in transport & utilities.
 - The UAE is becoming a hub for renewables and green technologies, with Masdar spearheading new ventures.



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