

Q1 2019 Investor Presentation

May 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

Contraction in margins attributable to slowdown in awards and completion of legacy projects



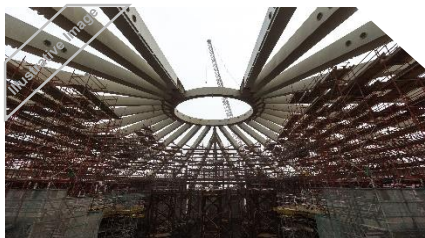
1Q 2019 vs 1Q 2018

Revenue	EBIT	Net Profit ¹	Backlog	SG&A ²
AED 2,027 mn	AED 62.6 mn	AED 31.8 mn	AED 14.8 bn	4.0 %
-16.2% y-o-y vs. AED 2,420 mn in 1Q 2018	-33.4% y-o-y vs. AED 96 mn in 1Q 2018	-50% y-o-y vs. AED 63.6 mn in 1Q 2018	Solid pipeline of tender opportunities of AED 40 bn	SG&A as a % of revenue increased 6 basis points compared to 3.4% in 1Q 2018

Note:

1. Net profit attributable to parent
2. Excluding 34 mn of provisions as per IFRS 9

Diverse Portfolio of Ongoing Projects



UAE Pavilion
(Abu Dhabi National Media Council)
AED 353 million



Sewerage Infrastructure
(Dubai Municipality)
AED 588 million



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



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

Strategic Roadmap

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



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



Lower revenue impacted by a number of legacy projects scheduled to complete in 2019

AED (mn)	Q1 2019	Q1 2018	Variance
Revenue	2,027	2,420	-393
EBIT	62.6	96.0	-33.4
Margin (%)	3.1	3.9%	-0.8
Net Profit for the period	30.2	65.8	-35.6
Margin (%)	1.5	2.7%	-1.2
Net Profit attributable to the owners of the parent	31.8	63.6	-31.8
Margin (%)	1.6	2.6	-1.0

Q1 2019 decline in net profit to parent attributable to:

- Slowdown in award intake in Q1 impacted the decline in revenue
- Delays in the closing out a number of legacy projects due to complete in 2019
- Recognition of AED 7.8 million loss from investment in Depa following release of FY 2018

Balance Sheet

The Group is progressing with the refinancing of its term debt

Balance Sheet AED mn	Q1FY19 actual	2018 actual		Q1FY19 actual	2018 actual
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Equity		
Property, plant and equipment	587	639	Share capital	1,500	1,500
Right-of-use asset	660	0	Other reserves	(32)	(29)
Goodwill	249	249	Retained earnings (accumulated losses)	174	190
Investment properties	594	595	Equity attributable to equity holders of the Parent	1,642	1,661
Trade and other receivables	459	537	Non-controlling interests	(261)	(258)
Advances paid to suppliers and subcontractors	32	280	Total equity	1,381	1,402
Investment in associates	202	209	Non-current liabilities		
Other non-current assets	38	39	Bank borrowings	606	560
Total non-current assets	2,820	2,548	Finance lease liabilities	361	0
			Provision for employees' end of service indemnity	219	216
Current assets			Retention payable	452	361
Trade and other receivables	5,007	5,038	Total non-current liabilities	1,596	1,137
Advances paid to suppliers and subcontractors	1,090	978	Current liabilities		
Other financial assets	156	206	Bank borrowings	1,202	1,497
Due from related parties	557	576	Finance lease liabilities	65	0
Other current assets	361	420	Trade and other payables	4,705	4,741
Cash and bank balances	1,010	1,270	Advances received from customers for contract work	1,492	1,757
Total current assets	8,182	8,487	Due to related parties	506	487
			Income tax payable	13	13
TOTAL ASSETS	11,002	11,035	Total current liabilities	8,024	8,496
			Total liabilities	9,621	9,633
			TOTAL EQUITY AND LIABILITIES	11,002	11,035

- ✓ Net debt to equity ratio was 0.6x in Q1 2019 vs. 1.4x at 31 March 2019
- ✓ Debt reduced by AED 249 million in Q1 2019
- ✓ Trade receivables steady quarter on quarter

Receivables Analysis



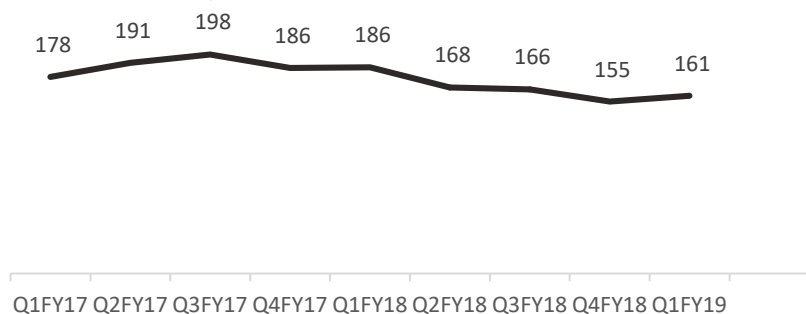
Continued emphasis on cash collection and shortening of payment cycles

Current Receivables (AED mn)	1Q 2018 31 Mar	2Q 2018 30 Jun	3Q 2018 30 Sep	4Q 2018 31 Dec	1Q 2019 31 Mar	Change (vs 4Q 2018)
Contract receivables ⁽¹⁾	1,869	1,822	1,762	1,831	1,710	(121)
Amounts due from customers for contract work ⁽²⁾	3,199	2,969	3,058	2,642	2,775	133
Trade and other receivables	55	50	51	55	98	43
Provision for doubtful debts	(377)	(371)	(338)	(334)	(418)	(83)
Total (excluding retentions)	4,745	4,471	4,532	4,194	4,165	(29)
Retentions receivable	701	753	731	844	843	(1)
Trade & other receivables - Current	5,446	5,223	5,263	5,038	5,007	(30)
Advances paid to suppliers and sub contractors	1,284	1,022	1,057	978	1,090	112

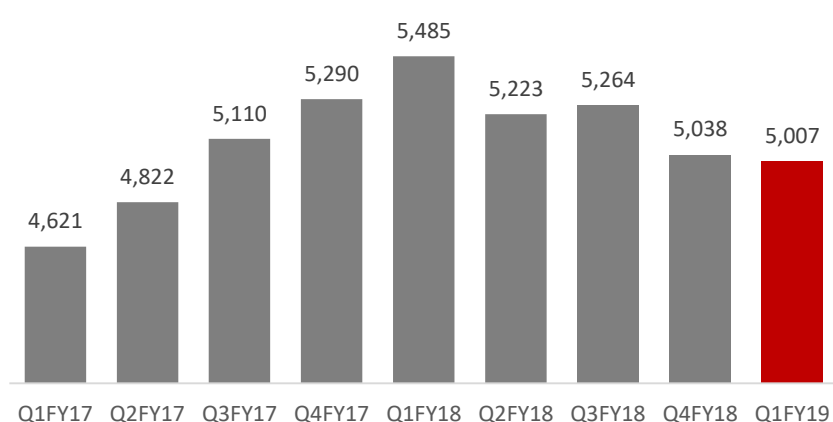
Notes:

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

Debtor Days



Current Receivables (AED mn)



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

Cashflow Statement

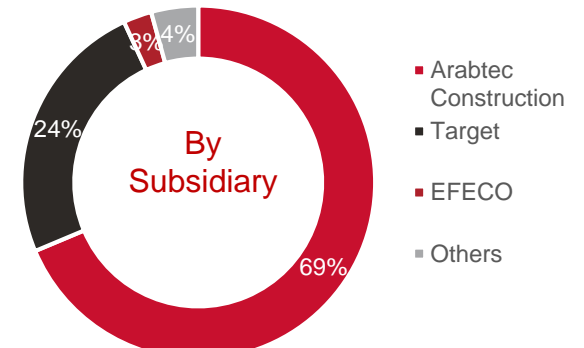
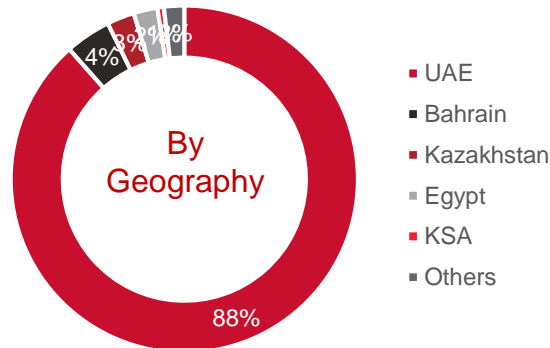
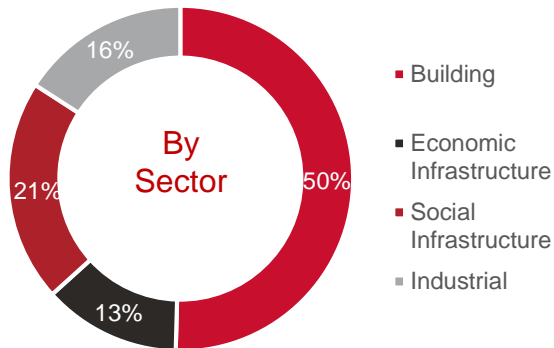
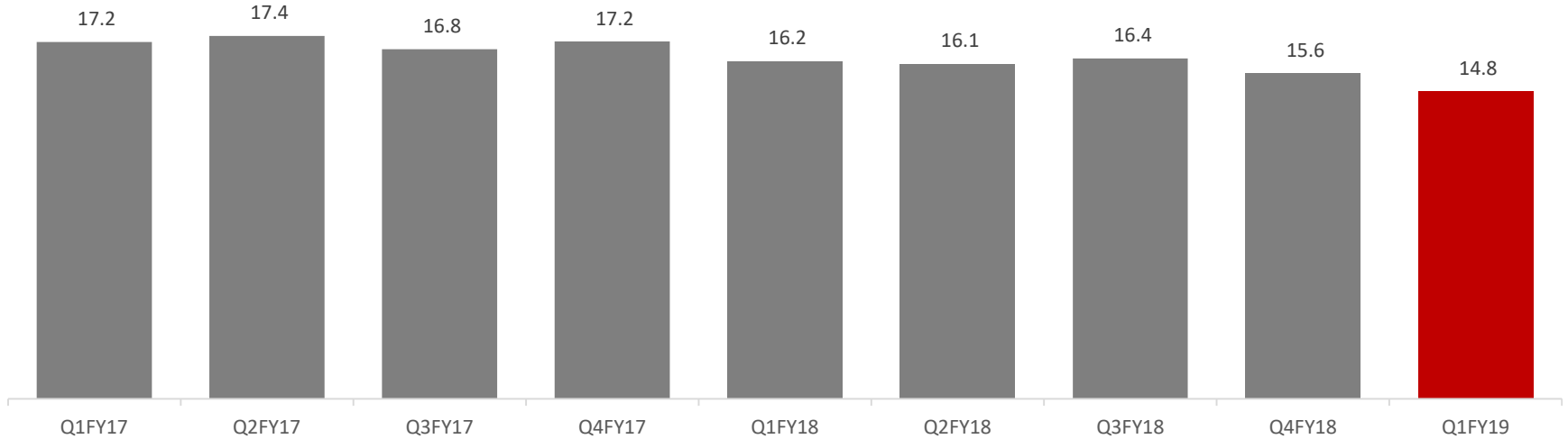


(AED mn)	1Q 2019	1Q 2018	Variance
Cash flow from operations before working capital changes	162	158	4
Change in working capital	(155)	(324)	169
Others	(14)	(32)	18
Cash from (used in) operating activities	(7)	(198)	191
Cash used in investing activities	48	(42)	90
Cash from (used in) financing activities	(227)	(142)	(85)
Net decrease in cash	(187)	(382)	195
Cash at the beginning of the period	875	501	374
Net foreign exchange difference	(4)	(5)	1
Cash at the end of the period	684	114	570

Backlog

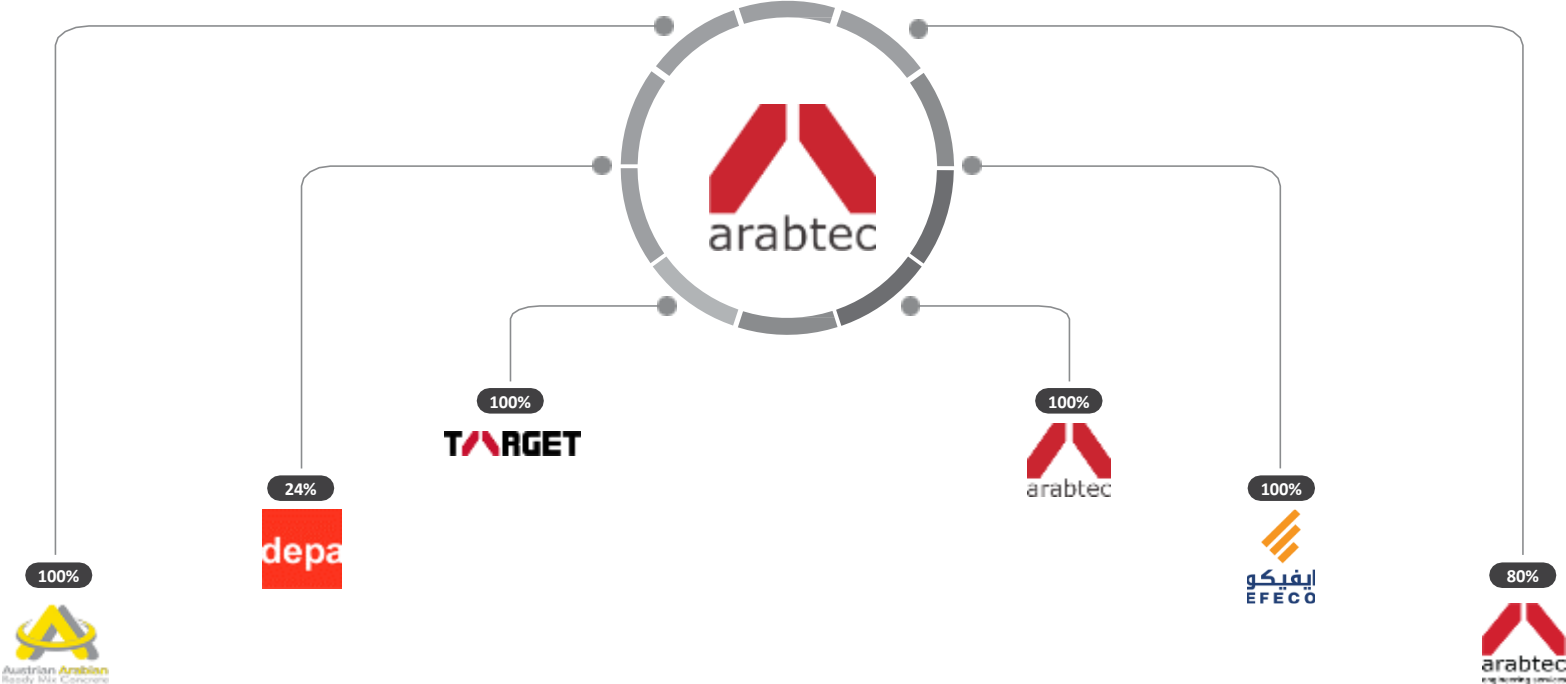
Despite slowdown in award intake, addressable market pipeline in excess of AED 40 billion

Backlog (AED mn)



Integrated Capabilities

Delivering a competitive advantage to the group



Core Competencies



Economic Infrastructure



Residential



Hospitality



Social Infrastructure



Commercial

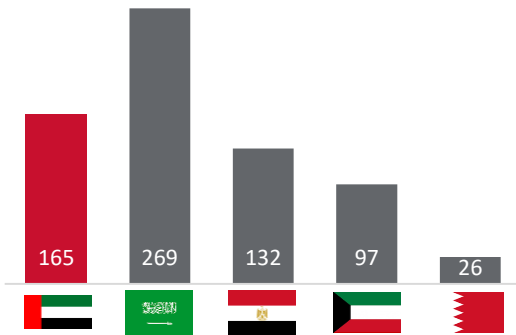


Industrial

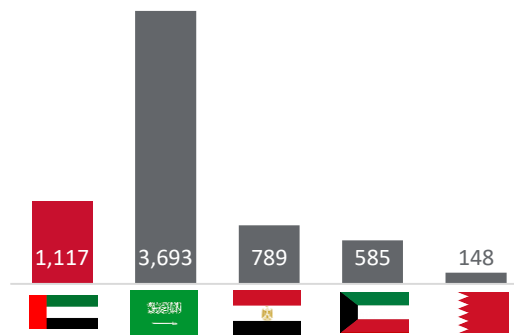
Market Outlook

The UAE construction market is estimated to grow at 6.8% CAGR (2018-23)

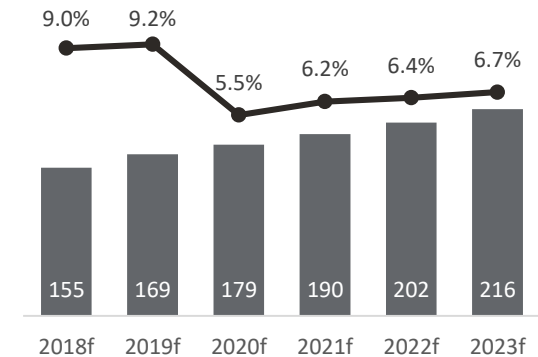
MENA Construction Awards (avg. 2013-17, AED Bn)



MENA Pre-Execution Pipeline (2018-2023, 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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